

C&D Foods (Denmark) A/S

Øresundsvej 2
DK-6715 Esbjerg

CVR no. 78 80 49 12

Annual report 2022/23

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

28 September 2023

Colm Dore

Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of C&D Foods (Denmark) A/S for the financial year 1 April 2022 – 31 March 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2023 and of the results of the Company's operations and cash flows for the financial year 1 April 2022 – 31 March 2023.

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

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

Esbjerg, 28 September 2023
Executive Board:

Ciaran Murphy

Board of Directors:

Colm Dore
Chairman

Orla Mary Colohan

Ciaran Murphy

Jan Broe Hansen

Independent auditor's report

To the shareholder of C&D Foods (Denmark) A/S

Opinion

We have audited the financial statements of C&D Foods (Denmark) A/S for the financial year 1 April 2022 – 31 March 2023 comprising income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 March 2023 and of the results of the Company's operations and cash flows for the financial year 1 April 2022 – 31 March 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

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

Independent auditor's report

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Fredericia, 28 September 2023

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

C&D Foods (Denmark) A/S
Annual report 2022/23
CVR no. 78 80 49 12

Management's review

Company details

C&D Foods (Denmark) A/S
Øresundsvej 2
6715 Esbjerg
Denmark

Telephone:	+45 76 14 83 00
Website:	www.cdfoods.com
E-mail:	info.denmark@cdfoods.com

CVR no.:	78 80 49 12
Established:	21 June 1985
Registered office:	Esbjerg
Financial year:	1 April – 31 March

Board of Directors

Colm Dore, Chairman
Orla Mary Colohan
Ciaran Murphy
Jan Broe Hansen

Executive Board

Ciaran Murphy

Auditor

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

Annual general meeting

The annual general meeting will be held on 28 September 2023.

Management's review

Financial highlights

EUR'000	2022/23	2021/22	2020/21	2019/20	2018/19
Key figures					
Revenue	106,799	84,056	80,591	77,355	73,791
Profit/loss before financial income and expenses	2,740	999	-939	-1,997	527
Profit/loss from financial income and expenses	395	322	246	343	460
Profit/loss for the year	3,902	1,518	204	-2,061	1,089
Fixed assets	31,678	33,274	33,075	23,293	25,439
Current assets	37,323	27,141	18,738	30,542	27,308
Total assets	69,001	60,415	51,813	53,835	52,747
Contributed capital	13,694	13,707	13,696	13,667	13,664
Equity	42,378	38,520	36,966	36,684	38,735
Non-current liabilities	6,992	7,000	0	0	0
Current liabilities	19,631	14,895	14,847	17,151	14,012
Investment in property, plant and equipment	358	1,129	1,478	731	860
Ratios					
Operating margin	2.6%	1.3%	-1.1%	-2.6%	0.7%
Solvency ratio	61.4%	63.8%	71.3%	73.2%	73.2%
Average number of full-time employees	309	306	286	300	279

The financial ratios have been calculated as follows:

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

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

Management's review

Operating review

Principal activities

The Company sells wet pet food to the European retail trade as a "private label" manufacturer of pet food. Furthermore, C&D Foods (Denmark) A/S is a sub-supplier of wet pet food for other manufacturers/distributors of "branded products".

Development in activities and financial position

The Company's income statement for 2022/23 shows a profit of EUR 3,902 thousand as against EUR 1,518 thousand in 2021/22. Equity in the Company's balance sheet at 31 March 2023 stood at EUR 42,378 thousand as against EUR 38,520 thousand at 31 March 2022.

Revenue is realised above expectation due to price increases achieved however underlying profit came in lower due to raw material and inflation.

Uncertainty regarding recognition and measurement

The Company's deferred tax at 31 March 2023 makes up a significant amount available for indefinite carryforward. The use thereof depends on the development in future earnings, which is uncertain. Due to a conservative estimate of future earnings, Management chose only to capitalise a deferred tax asset representing budgeted profits for the coming three years.

The tax asset is disclosed in note 10.

Outlook

For FY 2022/23 management expects a revenue between 110-130 million EUR and a profit before tax between 4-5 million EUR.

Corporate social responsibility

In accordance with section 99a of the Danish Financial Statements Act on Corporate Social Responsibility, the company must consider environment and climate, social and employees, human rights and corruption responsibilities.

The Company has policies in place for all four areas.

For environmental and climate matters The Company has a policy in place to reduce climate footprint and meet increased customer demand for sustainable products. The policy strives to motivate employees and The Company to be mindful of consumption and to continuously research sustainable solutions on e.g. waste and energy. The policy also states to comply with applicable law and regulations. The Company has no outstanding issues with the environmental authorities in terms of environmental permits and compliance with environmental regulations. The Company has not identified any issues or violations during the financial year and there are currently no plans to make changes to the policy.

For social and employee matters The Company policy is to monitor the mental and physical wellbeing of its employees and therefore conducts and reviews the APV survey as required by local legislations as well as monitor employee satisfaction through an annual employee satisfaction conversation. Furthermore, the company is a member of the organization Dansk Industri and strive to comply with the guidelines on all employee matters. For the financial year the process for APV survey has been followed as the policy states and no critical findings have been reported. Currently The Company does not have any plans to change the policy or process regarding social and employee matters.

Management's review

Operating review

The Company respects human rights and has a zero-tolerance policy against modern slavery along with a whistleblowing policy for any violations. These policies are communicated throughout the organization and to every employee. The Company has chosen to undergo a yearly ethical audit (SMETA) to highlight the importance of this matter. During this financial year no critical findings or policy violations have been recorded through the whistleblower setup nor during the ethical (SMETA) audit. There are no plans in place to change the existing policy.

The Company does not accept corruption/bribery which is stated in its Code of Conduct and made aware to every employee through the employee handbook. The policy e.g. states that gifts are not to be accepted if it could influence a business decision. Furthermore, selected employees are required to sign and hand in a compliance statement annually to avoid conflicts of interest. The Company has not identified any issues or violations during the financial year and there are currently no plans to make changes to the policy.

Business model

The Company is part of a network of petfood production sites to meet the varying demands of private label retailers from large scale and low cost highly automated facilities.

In all cases, the ethos is the same: a highly trained workforce focused on continuous improvement and operating to the highest standards. Our 'Excellence in Petfood' programme promotes a culture of leadership, ownership and responsibility through belief, pride and confidence in what we do.

Goals and policies for the underrepresented gender

C&D Foods (Denmark) A/S believes that diversity among Management and employees, including equal distribution of gender, is an important condition for the Company to expand at optimum level and deliver the best results in accordance with the Company's values and culture.

The statement on gender representation is according to Danish Financial Statements Act, section §99b.

The Executive Board of C&D Foods (Denmark) A/S wants to give both sexes equal access to leadership positions and believes that board members should be chosen based on their overall competencies. The male/female balance on the Company's Board of Directors is at present equal in terms of two male and one female.

C&D Foods (Denmark) A/S' goal to have at least one female manager has been met, and initiatives will be taken to attract more qualified female candidates when changes are to be made to the present management team. When the Company has a vacant position on management level, both genders are encouraged to apply and receive relevant training.

As gender composition is equal on the Board of Directors and other management levels, we have not defined any additional targets or made further description of policies.

Research and development activities

Product development in cooperation with our customers is a focus area.

Intellectual capital

In 2022/23, C&D Foods (Denmark) A/S remained focused on its main business areas to attract intellectual capital for various functions and thereby to strengthen its competitiveness and future performance.

Management's review

Operating review

Statement of data ethics

The processing of personal data is not a critical part of and neither closely linked to the companies' business activities. As a B2B company with very few transactions with private customers, the company only processes personal data in respect of customers and suppliers to a very limited extent – and only for customer/supplier administration purposes. The processing of personal data mainly relates to the internal activities involving employees' personal data for HR administration purposes.

Thus, we do not use data to track movements or consumer preferences of any private individuals, nor do we use machine learning, AI or similar to profile customers, employees or other private individuals.

For these reasons, we have assessed that it is not necessary for the Company to have a formalised data ethics policy. By contrast, we have assessed that our general GDPR policies are sufficient to disclose any risks related to the Company's retrieval and processing of data and use of technology.

Events after the balance sheet date

Reference is made to note 17, in which the matter is described in further detail.

Financial statements 1 April – 31 March

Income statement

EUR'000	Note	2022/23	2021/22
Revenue	2	106,799	84,056
Cost of goods sold		-65,201	-49,608
Other external costs	3	-17,755	-12,501
Gross profit		23,843	21,947
Staff costs	4	-19,986	-19,550
Depreciation and amortisation		-1,112	-1,282
Other operating costs		-5	-116
Profit/loss before financial income and expenses		2,740	999
Other financial income	5	574	462
Other financial expenses	6	-179	-140
Profit/loss before tax		3,135	1,321
Tax on profit/loss for the year		767	197
Profit/loss for the year	7	3,902	1,518

Financial statements 1 April – 31 March

Balance sheet

EUR'000	Note	31/3 2023	31/3 2022
ASSETS			
Fixed assets			
Intangible assets	8		
Trademarks		49	44
Software		75	125
		<u>124</u>	<u>169</u>
Property, plant and equipment	9		
Land and buildings		3,165	3,459
Property, plant and equipment in progress		0	1,344
Plant and machinery		7,441	6,944
Fixtures and fittings, tools and equipment		55	10
		<u>10,661</u>	<u>11,757</u>
Investments			
Receivables from group entities		20,828	21,264
Deposits		65	84
		<u>20,893</u>	<u>21,348</u>
Total fixed assets		<u>31,678</u>	<u>33,274</u>
Current assets			
Inventories			
Raw materials and consumables		5,160	5,678
Work in progress		3,052	1,805
Finished goods and goods for resale		7,878	3,687
		<u>16,090</u>	<u>11,170</u>
Receivables			
Trade receivables		2,310	1,683
Receivables from group entities		10,757	10,238
Other receivables		1,182	773
Deferred tax asset	10	2,632	1,867
Prepayments	11	2,498	533
		<u>19,379</u>	<u>15,094</u>
Cash at bank and in hand		<u>1,854</u>	<u>877</u>
Total current assets		<u>37,323</u>	<u>27,141</u>
TOTAL ASSETS		<u>69,001</u>	<u>60,415</u>

Financial statements 1 April – 31 March

Balance sheet

EUR'000	Note	31/3 2023	31/3 2022
EQUITY AND LIABILITIES			
Equity	11		
Contributed capital		13,694	13,707
Retained earnings		<u>28,684</u>	<u>24,813</u>
Total equity		<u>42,378</u>	<u>38,520</u>
Liabilities			
Non-current liabilities			
Payables to group entities		<u>6,992</u>	<u>7,000</u>
Current liabilities			
Trade payables		15,312	11,233
Payables to group entities		354	222
Other payables		<u>3,965</u>	<u>3,440</u>
		<u>19,631</u>	<u>14,895</u>
Total liabilities		<u>26,623</u>	<u>21,895</u>
TOTAL EQUITY AND LIABILITIES		<u><u>69,001</u></u>	<u><u>60,415</u></u>

Financial statements 1 April – 31 March

Statement of changes in equity

EUR'000	Contributed capital	Retained earnings	Total
Equity at 1 April 2022	13,707	24,813	38,520
Exchange rate adjustment	-13	-31	-44
Transferred over the profit appropriation	0	3,902	3,902
Equity at 31 March 2023	13,694	28,684	42,378

Financial statements 1 April – 31 March

Cash flow statement

EUR'000	Note	2022/23	2021/22
Profit/loss for the year		3,902	1,518
Other adjustments of non-cash operating items	13	-1,204	-487
Depreciation and amortisation		1,112	1,282
Cash flows from operations before changes in working capital		3,810	2,313
Changes in working capital	14	-3,685	-7,548
Cash flows from ordinary activities		125	-5,235
Interest income		574	462
Interest expense		-179	-140
Cash flows from operating activities		520	-4,913
Acquisition of intangible assets		-105	-190
Acquisition of tangible assets		-358	-1,129
Sales of tangible assets		492	105
Cash flows from investing activities		29	-1,214
Shareholders:			
Loans, group entities		428	7,000
Cash flows from financing activities		428	7,000
Cash flows for the year		977	873
Cash and cash equivalents at the beginning of the year		877	4
Cash and cash equivalents at year-end		1,854	877

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of C&D Foods (Denmark) A/S for 2022/23 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act with option of specific provisions for reporting class C.

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

All amounts are stated in EUR thousand (EUR'000).

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement.

Receivables and payables and other monetary items denominated in foreign currencies which were not settled at the balance sheet date are translated at the exchange rates at the balance sheet date.

The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place and that the income can be reliably measured and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2020.

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

Cost of sales

Costs of raw materials and packaging materials comprise raw materials and packaging materials used to generate revenue for the year.

Other operating income

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

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, marketing, administration, office premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation for the year of intangible assets and property, plant and equipment.

Other operating costs

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

Financial income and expenses

Financial income and expenses comprise interest income and expense on assets and payables as well as transactions denominated in foreign currencies.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Trademarks and software are measured at cost less accumulated amortisation. Trademarks and software are amortised on a straight-line basis over the remaining useful lives.

The amortisation period for trademarks is usually 1-2 years and for software 3-5 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal.

Gains and losses are recognised in the income statement as other operating income or other operating costs respectively.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Property, plant and equipment

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

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

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

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	50 years
Plant and machinery	2-30 years
Fixtures and fittings, tools and equipment	3-5 years

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

Land is not depreciated.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation is recognised in the income statement as depreciation and amortisation.

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

Leases

Leases for fixed assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. When the net present value of the future lease payments is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Impairment of fixed assets

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

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

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

Other investments

Deposits are recognised at cost.

Inventories

Raw materials and packaging materials are measured at purchase price in accordance with the FIFO method.

Work in progress and finished goods are valued at calculated cost comprising the costs of raw materials and packaging materials as well as processing costs plus direct costs and a share of production overheads.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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

Goods for resale are valued at purchase price.

Where the net realisable value is lower than cost/purchase price, inventories are written down to the lower value.

Receivables

Receivables are measured at amortised cost.

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

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

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

Prepayments

Prepayments comprise prepayment of costs relating to subsequent financial years.

Equity

Dividends

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

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

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

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Company's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Company's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on geographical markets, as the company only has one business segment. The segment information is in line with Group's accounting policies, risk and financial management.

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2 Segment information

Segment information is only provided on geographical markets, as the Company only has one business segment. The segment information is in line with the Group's accounting policies, risk and internal financial management.

EUR'000	2022/23	2021/22
Revenue		
Export markets	102,392	79,318
Domestic market	4,407	4,738
	<u>106,799</u>	<u>84,056</u>

3 Fees to auditor appointed at the general meeting

Total fees to KPMG:

Statutory audit services	40	38
Tax assistance	8	11
Other assistance	5	5
	<u>53</u>	<u>54</u>

4 Staff costs

Wages and salaries	18,215	17,857
Pensions	1,493	1,475
Other social security costs	278	218
	<u>19,986</u>	<u>19,550</u>
Average number of full-time employees	<u>309</u>	<u>306</u>

Staff costs include remuneration of Management at an amount of EUR 170 thousand. (2021/22: EUR 151 thousand).

In accordance with section 98b(3)(i) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is disclosed as a one-line item.

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

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EUR'000	2022/23	2021/22	
5 Other financial income			
Interest income from group entities	551	462	
Other financial income	23	0	
	<u>574</u>	<u>462</u>	
6 Other financial expenses			
Interest expense to group entities	142	0	
Other financial costs	37	140	
	<u>179</u>	<u>140</u>	
7 Proposed profit appropriation			
Retained earnings	<u>3,902</u>	<u>1,518</u>	
8 Intangible assets			
EUR'000	Trademarks	Software	Total
Cost at 1 April 2022	770	687	1,457
Additions for the year	105	0	105
Disposals for the year	-764	-542	-1,306
Cost at 31 March 2023	111	145	256
Amortisation at 1 April 2022	-726	-562	-1,288
Amortisation for the year	-100	-50	-150
Reversal for the year of revaluation of assets sold	764	542	1,306
Amortisation at 31 March 2023	-62	-70	-132
Carrying amount at 31 March 2023	49	75	124

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9 Property, plant and equipment

EUR'000	Land and buildings	Property, plant and equipment in progress	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 April 2022	19,052	1,344	40,211	6,449	67,056
Exchange rate adjustment	-21	0	-56	-9	-86
Additions for the year	0	179	1,471	52	1,702
Disposals for the year	-34	0	-1,418	-626	-2,078
Transfers for the year	0	-1,523	0	0	-1,523
Cost at 31 March 2023	18,997	0	40,208	5,866	65,071
Depreciation at 1 April 2022	-15,593	0	-33,267	-6,439	-55,299
Exchange rate adjustment	17	0	47	8	72
Depreciation for the year	-284	0	-672	-6	-962
Depreciation and impairment losses for the year on assets sold	28	0	1,125	626	1,779
Depreciation at 31 March 2023	-15,832	0	-32,767	-5,811	-54,410
Carrying amount at 31 March 2023	3,165	0	7,441	55	10,661

10 Deferred tax

EUR'000	31/3 2023	31/3 2022
Deferred tax at 1 April	1,867	1,666
Deferred tax adjustment for the year	767	197
Exchange rate adjustment	-2	4
	2,632	1,867

The Company's preliminary net deferred tax asset at 31 March 2023 amounted to approx. EUR 17 million.

Due to uncertainty in estimating future earnings, Management has chosen only to capitalise a deferred tax asset representing budgeted profits for the coming three years. Going forward, Management will also assess any potential capitalisation of the deferred tax asset.

11 Prepayments

EUR'000	31/3 2023	31/3 2022
Prepaid assurance	165	55
Other payments	2,333	478
	2,498	533

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12 Equity

Contributed capital comprises 10,200,000 shares of DKK 10 each. All shares rank equally.

The contributed capital has not undergone any changes during the past five years.

13 Other adjustments

EUR'000	2022/23	2021/22
Other financial income	-574	-462
Financial expenses	179	140
Tax on profit/loss for the year	-767	-197
Exchange rate adjustments	-42	32
	<u>-1,204</u>	<u>-487</u>

14 Changes in working capital

Change in inventories	-4,920	-4,165
Change in receivables	-3,501	-3,431
Change in trade and other payables	4,736	48
	<u>-3,685</u>	<u>-7,548</u>

15 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has operating rent obligations with a remaining term of 1-54 months and an average monthly payment of EUR 856, totalling EUR 567 thousand.

The Company has entered into lease agreements with a remaining term of 1-48, totalling EUR 145 thousand.

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16 Related party disclosures

C&D Foods (Denmark) A/S' related parties comprise the following:

Control

C&D Foods Ireland Holdings Limited, Channel Islands, Great Britain.

C&D Foods Ireland Holdings Limited holds the majority of the contributed capital in the Company.

C&D Foods (Denmark) A/S is part of the consolidated financial statements of ABP Food Group Unlimited, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of ABP Food Group Unlimited can be obtained by contacting the company.

Related party transactions

EUR'000	2022/23
Sale to group companies	87,447
Purchase from group companies	3,324
Sale of services to group companies	123
Purchase of services from group companies	1,479
	92,373

Receivables and payables to group companies are disclosed in the balance sheet, and interest to group entities is disclosed in note 5.

17 Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment of the annual report in any substantial way.