

Thornico Holding A/S

Havnegade 36, DK-5000 Odense

Annual Report for 2023

CVR No 35 25 80 00

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

Thor Stadil
Dirigent
Chairman

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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Thornico Holding A/S for the financial year 1 January – 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Odense, 26 June 2024

Executive Board

Christian Nicholas
Rosenkrantz Stadil

Supervisory Board

Thor Stadil

Kirsten Malling Stadil

Christian Nicholas
Rosenkrantz Stadil

Independent Auditor's Report

To the Shareholders of Thornico Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Thornico Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish financial statements act.

In our opinion, the consolidated financial statements and the Parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2023 and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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 Responsibilities for the consolidated financial statements and parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and parent 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 consolidated financial statements and parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and parent 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 Group and the Entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent financial statements, including the disclosures, and whether the consolidated financial statements and parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Odense, 26 June 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33 96 35 56

Gert Rasmussen
State Authorised Public Accountant
Identification No: mne35430

Abdul Wahab Ashraf
State Authorised Public Accountant
Identification No: mne46664

Company Information

The Company

Thornico Holding A/S
Havnegade 36
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 35 25 80 00

Financial period: 1 January - 31 December

Financial year: 30th financial year

Municipality of reg. office: Odense

Supervisory Board

Thor Stadil
Christian Nicholas Rosenkrantz Stadil
Kirsten Malling Stadil

Executive Board

Christian Nicholas Rosenkrantz Stadil

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Tværkajen 5
5100 Odense C

Group Chart



THORNICO GROUP STRUCTURE



* 50-80% ownership

Financial Highlights of the Group

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	9.472.895	12.131.316	10.099.657	8.575.274	9.211.750
Gross profit	2.883.132	2.810.575	2.660.609	2.215.605	2.179.468
EBITDA	1.115.235	1.151.699	1.228.922	931.394	901.969
Profit/loss before financial income and expenses	680.130	716.853	967.185	748.174	529.053
Net financials	-172.593	-180.169	49.150	-43.126	-15.744
Net profit/loss for the year	643.825	302.154	830.281	535.575	421.560
Balance sheet					
Balance sheet total	8.825.963	9.414.540	8.322.504	7.093.249	6.755.875
Equity	3.812.269	4.046.453	3.600.559	2.657.681	2.412.202
Investment in property, plant and equipment	434.273	462.224	588.839	403.967	474.348
Cash flows					
Cash flows from:					
- operating activities	961.985	378.996	645.845	751.717	381.155
- investing activities	-479.373	-510.989	-709.185	-718.106	-197.138
- financing activities	-1.091.109	319.836	114.179	175.881	-207.496
Changes for the year in cash and cash equivalents	51.076	198.143	45.339	209.492	-23.479
Number of employees	5.177	4.849	4.832	4.335	4.035

Financial Highlights of the Group

	2023	2022	2021	2020	2019
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	30,4%	23,2%	26,3%	23,7%	21,4%
Profit margin	7,2%	5,9%	9,6%	5,7%	4,1%
Return on assets	7,7%	7,6%	11,6%	7,8%	5,2%
Solvency ratio	43,2%	43,0%	43,3%	35,7%	31,0%
Return on equity	16,9%	7,5%	23,1%	17,5%	10,8%

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark. The Group has discontinuing operations and assets held for sale in 2022 and 2023. Please refer to note 11 for further description. The comparison figures are not adjusted.

Explanation of financial ratios

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	=	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	=	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	=	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	=	$\frac{\text{Net profit/loss for the year excl. minority interests} \times 100}{\text{Average equity at year end excl. minority interests}}$

Management Commentary

Main activities

The Group's activities comprise food ingredients, food technology and packaging, sport and fashion, real estate and shipping (until June 2023), in global markets primarily via wholly owned subsidiaries.

The Parent company's activity comprises investments in subsidiaries.

Development in activities and financials including development for next year

2023 was an eventful year for the Thornico Group.

The subsidiary Brødrene Hartmann A/S was delisted in 2023 and in Q1 2024 became 100% owned by Thornico Food & Food Technology Group A/S. This transaction impacted the consolidated Group equity negatively by DKK 692m in 2023.

The Group sold its shipping activities in June 2023. The financials of the shipping activities are shown as discontinuing operations in the 2023 profit & loss accounts. The net result of discontinuing operations amounted to DKK 374m.

Due to the discontinuing of the shipping operations, the aggregated revenues in the consolidated income statement for the Group decreased compared to last year by DKK 2,659m to DKK 9,473m. Comparative figures are not restated.

Profit before tax for continuing operations was realized at DKK 508m. Profit before tax for discontinuing operations was realized at DKK 457m so total profit before tax was realized at DKK 965k. Management considers the result satisfactory.

For 2024 we project Profit before tax within the range of DKK 750 – 850m.

The past year and follow-up on development expectations from last year

At the date of the Annual Report for 2022 Management expected Profit before tax for 2023 in the range of DKK 700m – 800m.

Aggregated profit before tax, for both continuing operations and discontinuing operations, was realized at DKK 965m, exceeding the expectation. This was mainly due to higher sales than expected in the food technology and packaging Group and to proceeds from the sale of the shipping activities.

Particular risks

Currency risks

Due to the global nature of all activities in the Group, the Group is exposed to currency transaction risks and currency translation risks.

Transaction risk is generally hedged as concerns the packaging and sport & fashion activities. This is done in accordance with the foreign exchange policy for these activities. For the Group's other activities, hedging is handled within the Thornico Group through balancing of income and expenses in the currencies relevant for these activities.

Translation risks are mainly associated with the translation into DKK of earnings and net assets in foreign subsidiaries. Translation risks are not hedged.

Interest bearing debt is mainly in DKK and with variable interest rate.

Capital resources

Via its positive earnings and development, the Group has sound and adequate capital resources available for new investments and growth.

Business risks

The spreading of the Group's investments is well balanced between the different main areas, see our comments in the above paragraph Main activities. The Group's intention is to improve its market position in the individual areas. The Group is market leading in several areas within foods, and the Group intends to achieve a more dominant role in other areas within the respective industries.

Investment properties are measured to fair value. Changes in the determined rate of return will affect the fair value in the balance sheet and the fair value evaluation in the income statement (ref. consolidated note 13).

Research and development

The Group incurs material expenses for both research and development to create a basis for the future positive financial development. The Group places great importance in recruiting and retaining competent and highly specialised employees in order to maintain a leading position within all its business activities.

Subsequent events

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

Report on Data Ethics policy

Reference is made to the following link to the Group's CSR report including the Group's policy on data ethics at:

<https://www.thornico.com/contact/policies/> □

Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act

Reference is made to the following link to the Group's CSR and ESG report at:

<https://thornico.com/company-karma/sustainable-growth/>

Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act

Gender diversity status	2023
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Board of Directors

Total Members	3
Underrepresented share (%)	33%

The goal to have an equal split has been reached so no further target has been set.

Other management levels

The company has less than 50 employees so no gender diversity status is given for other management levels.

Accounting Policies

Basis of Preparation

The Annual Report of Thornico Holding A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Consolidated Financial Statements for 2023 are presented in DKK thousands whereas the Parent Company Financial Statements are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned including value adjustments of financial assets and liabilities. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner are used as the measurement currency. All other currencies are regarded as foreign currencies.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Thornico Holding A/S,

and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends, and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life. Any remaining negative differences are immediately recognised in the income statement.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

In the consolidated financial statements amortisation of goodwill is allocated to the functions to which goodwill is related.

Minority interests

Minority interests form part of the consolidated equity. In the proposed distribution of profit, the net profit or loss of the year is allocated to minority interests and to equity belonging to the parent company.

Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests, where the Group retains a controlling interest in the subsidiary, the purchase price is recognised directly on equity.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company. The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement with the exception of income statement items for the Argentinian subsidiaries, which are translated at the foreign exchange rate at the balance sheet date under the rules on restatement for hyperinflation. The company has also operations in Turkey. Turkish Lira is a hyperinflationary currency. Consequently, the Turkish operations are included in the consolidated financial statements following the same principles as prior years and explained above and hence, no inflation adjustment has been applied. In case inflation adjustment was applied, the profit after tax for 2023 would have been adjusted by 0 to -2 mDKK and equity by 31 December 2023 would have been adjusted by 25 to 30 mDKK.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting which is consequently recognised directly in the equity statement.

Income Statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Segment information is given on the basis of business areas. The segment allocation is in accordance with the company's internal reporting and areas of responsibility. Revenues have been reported for the following business areas: Food ingredients, food technology and packaging, real estate and sport & fashion. The revenue of each business area has in turn been allocated geographically.

Other operating income

Other operating income comprises revenue from other operating activities which are not related to the principal activities of the company.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for administration, sale, distribution, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Fair value evaluation of investment property

Fair value evaluation of investment property comprises adjustments for the financial year of investment properties at fair value.

Income from investments in group enterprises and associates

The item "Income from investments in group enterprises and associates" in the income statement includes the proportionate share of the profit for the year less goodwill amortisation and elimination of internal profits or losses

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

The Company is jointly taxed with Danish subsidiaries. The Danish tax is allocated to the jointly

taxed Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised at cost in the balance sheet. Goodwill is amortised on a straight-line basis over the estimated useful life of 10-20 years, determined on the basis of Management's experience with the individual business areas. The amortisation period is usually 20 years for strategically acquired companies with a strong market position.

Other intangible assets

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover production, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3 years.

Patents, licences and trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents, licences and trademarks are amortised over the remaining patent period or a shorter useful life. The periods of amortisation are 3-20 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Land is not depreciated.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Land and buildings	10-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs. Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that have been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis for development projects in progress irrespective of any indication of impairment.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in group enterprises and associates

Investments in group enterprises and associates are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprise's equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises and associates with a negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant enterprises, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises and associates is transferred to the reserve for net revaluation according to the equity method in equity. Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 15-20 years.

Investments in group enterprises and associates are written down to the lower of recoverable amount and carrying amount.

Other fixed asset investments

Other fixed asset investments consist of long term receivables, etc.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory building and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in costs.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the nominal value less provisions for bad debts.

Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Prepayments

Prepayments recognised under "Current Assets" comprise expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily converted into cash and which are subject only to insignificant risks of changes in value.

Equity

Dividend

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

Pension obligations

Pension obligations comprise defined benefit plans where the Group has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary).

For defined benefit plans, annual actuarial calculations are made of the present value of future benefits payable under the pension plan. The present value is calculated based on assumptions about future developments in variables such as salary levels and interest, inflation and mortality rates. The present value is only calculated for benefits earned by the employees through their employment with the group to date.

The actuarial calculation of present value less the fair value of any plan assets is recognised in the balance sheet as pension obligations. The pension costs for the year, based on actuarial estimates and financial forecasts at the beginning of the year, are recognised in profit or loss. The difference between the forecast development in pension assets and liabilities and the realised values is called actuarial gains or losses and is recognised in equity statement.

If a pension plan constitutes a net asset, the asset is recognised only to the extent that it equals the value of future repayments under the plan or it leads to a reduction of future contributions to the plan.

Other provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Discontinued operations

Discontinued operations are material business areas or geographical areas planned, or decided, to be disposed of, discontinued or abandoned and which may be separated from the Entity's other operations. □

Results from discontinued operations are presented in the income statement as a separate item consisting of profit/loss after tax of the relevant operation and any gains or losses from fair value adjustments or sale of the assets and liabilities related to the operation.

Assets relating to the discontinued operations are presented separately in the balance sheet as assets related to discontinued operations. Liabilities related to the discontinued operations are presented separately in the balance sheet as liabilities related to discontinued operations.

The comparative figures in the income statement and the figures in the balance sheet are not restated.

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment and fixed asset investments as well as dividend received from non-consolidated subsidiaries and associates.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand". The cash flow statement cannot be immediately derived from the published financial records.

Consolidated Income Statement 1 January-31 December

	Note	2023 DKK '000	2022 DKK '000
Revenue	2	9.472.895	12.131.316
Other operating income	3	7.287	85.285
Expenses for raw materials and consumables		-4.898.239	-4.919.902
Other external expenses	4	-1.698.811	-4.486.124
Gross profit		<u>2.883.132</u>	<u>2.810.575</u>
Staff expenses	5	-1.767.897	-1.658.876
EBITDA		<u>1.115.235</u>	<u>1.151.699</u>
Fair value evaluation of investment property	13	235	7.015
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-435.340	-441.861
Profit/loss before financial income and expenses		<u>680.130</u>	<u>716.853</u>
Income from investments in associates after tax	7	-4.075	2.082
Financial income	8	75.828	111.727
Financial expenses	9	-244.346	-293.978
Profit before tax from continuing operations for the year		<u>507.537</u>	<u>536.684</u>
Tax on profit from continuing operations for the year	10	-193.678	-143.430
Profit from continuing operations		<u>313.859</u>	<u>393.254</u>
Result from discontinuing operations	11	<u>329.966</u>	<u>-91.100</u>
Net profit/loss for the year	27	<u>643.825</u>	<u>302.154</u>

Consolidated Balance Sheet at 31 December 2023

Assets

	Note	2023 DKK '000	2022 DKK '000
Acquired rights	12	87.338	103.328
Completed development projects	12	108.245	99.278
Development projects in progress	12	24.004	25.193
Goodwill	12	116.717	173.076
Intangible assets		336.304	400.875
Land and buildings	13	946.073	972.957
Plant and machinery	13	1.123.923	1.151.174
Other fixtures, fittings, tools and equipment	13	214.127	225.897
Investment Property	13	1.128.314	1.121.456
Property, plant and equipment in progress	13	196.763	114.668
Property, plant and equipment		3.609.200	3.586.152
Investments in associates	14	42.380	47.017
Other fixed asset investments	15	33.392	21.622
Fixed asset investments		75.772	68.639
Fixed assets		4.021.276	4.055.666

Consolidated Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2023</u> DKK '000	<u>2022</u> DKK '000
Inventories	16	1.807.597	2.055.640
Trade receivables		1.540.405	1.691.878
Receivables from associates		1.909	0
Receivable corporation tax		201.668	81.117
Deferred tax asset	17	95.787	127.628
Other receivables		289.038	401.505
Prepayments	18	138.695	142.011
Receivables		<u>2.267.502</u>	<u>2.444.139</u>
Cash and cash equivalents		<u>727.688</u>	<u>767.595</u>
Current assets		<u>4.802.787</u>	<u>5.267.374</u>
Assets held for sale	11	<u>1.900</u>	<u>91.500</u>
Assets		<u>8.825.963</u>	<u>9.414.540</u>

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2023 DKK '000	2022 DKK '000
Share capital		5.000	5.000
Hedging reserve		4.183	54.967
Revaluation reserve		6.240	6.240
Translation reserve		-284.539	-116.783
Retained earnings		3.737.769	3.615.846
Proposed dividend for the year		20.000	20.000
		<hr/>	<hr/>
Equity excl. minority interests		3.488.653	3.585.270
Minority interest s		323.616	461.183
		<hr/>	<hr/>
Equity		3.812.269	4.046.453
		<hr/>	<hr/>
Provision for deferred tax	17	266.201	268.107
Pension obligations	19	20.100	20.300
Other provisions	20	137.981	135.203
		<hr/>	<hr/>
Provisions		424.282	423.610
		<hr/>	<hr/>
Mortgage deb t	22	374.060	320.949
Credit institution s	23	967.236	1.055.234
Lease liabilities	24	100.215	105.022
Other payables	25	26.880	27.712
		<hr/>	<hr/>
Long-term debt	21	1.468.391	1.508.917
		<hr/>	<hr/>

Consolidated Balance Sheet at 31 December

Liabilities and equity

	Note	2023 DKK '000	2022 DKK '000
Mortgage debt	22	20.217	20.221
Credit institutions	23	911.723	1.344.945
Lease liabilities	24	9.515	7.077
Trade payables		916.629	1.131.707
Payables to associates		31.895	26.629
Corporation tax		218.134	73.537
Other payables	25	1.012.908	780.890
Deferred income	26	0	32.154
		<u>3.121.021</u>	<u>3.417.160</u>
Short-term debt		3.121.021	3.417.160
Debt		<u>4.589.412</u>	<u>4.926.077</u>
Liabilities and equity		<u>8.825.963</u>	<u>9.396.140</u>
Liabilities related to assets held for sale	11	<u>0</u>	<u>18.400</u>
Liabilities and equity		<u>8.825.963</u>	<u>9.414.540</u>
Events after the balance sheet date	1		
Proposed distribution of profit	27		
Financial instruments	28		
Contingent liabilities and other financial obligations	29		
Subsidiaries	30		
Related parties and ownership	31		

Statement of changes in consolidated Equity

	Share capital	Hedging reserve	Revaluation reserve	Translation reserve	Retained earnings	Extraordinary dividends	Proposed dividends for the year	Equity excl. minority interests	Minority interests	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000		DKK '000	DKK '000	DKK '000	DKK '000
Equity at 31 December 2022	5.000	54.967	6.240	(116.783)	3.615.846	0	20.000	3.585.270	461.183	4.046.453
Net profit/loss for the year	0	0	0	0	273.398	296.010	20.000	589.408	54.417	643.825
Actuarial gain/loss on defined benefit plans	0	0	0	0	(418)	0	0	(418)	(182)	(600)
Exchange adjustments, foreign enterprises	0	0	0	(213.983)	0	0	0	(213.983)	(52.442)	(266.425)
Hyperinflation restatement	0	0	0	39.411	0	0	0	39.411	17.189	56.600
Value adjustment of hedging instruments	0	(63.198)	0	0	0	0	0	(63.198)	(4.221)	(67.419)
Tax on equity adjustments	0	12.414	0	6.816	139	0	0	19.369	1.093	20.462
Acquisitions of minority interests	0				(344.848)			(344.848)	(368.601)	(713.449)
Sales of minority interests	0				193.652			193.652	215.180	408.832
Extraordinary dividend paid	0					(296.010)		(296.010)	0	(296.010)
Dividends paid	0	0	0	0	0	0	(20.000)	(20.000)	0	(20.000)
Equity at 31 December 2023	5.000	4.183	6.240	-284.539	3.737.769	0	20.000	3.488.653	323.616	3.812.269

Consolidated Cash Flow Statement

	Note	2023 DKK '000	2022 DKK '000
Profit from continuing operations		313.859	393.254
Adjustments	32	799.131	758.445
Change in working capital	33	244.301	-433.744
Cash flows from operating activities before financial income and expenses		1.357.291	717.955
Financial income		39.232	111.727
Financial expenses		-170.506	-293.978
Income taxes received/paid		-264.032	-156.708
Cash flows from operating activities		961.985	378.996
Purchase of intangible assets		-53.902	-92.264
Purchase of property, plant and equipment		-434.273	-462.224
Acquisition of subsidiaries		0	0
Purchase of financial assets		-157	0
Sale of property, plant and equipment		8.959	43.499
Cash flows from investing activities		-479.373	-510.989

Consolidated Cash Flow Statement

	Note	2023 DKK '000	2022 DKK '000
Raising/repayment of mortgage loans		53.107	13.125
Raising/repayment of loans from credit institutions		-523.589	326.711
Acquisitions of minority interests		-713.449	0
Capital increase, minority interests		112.822	0
Dividends paid		-20.000	-20.000
		<hr/>	<hr/>
Cash flows from financing activities		-1.091.109	319.836
		<hr/>	<hr/>
Cash flows from continuing operations		-608.497	187.843
Cash flows from discontinuing operations	11	659.573	10.300
		<hr/>	<hr/>
Changes in cash and cash equivalents		51.076	198.143
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		767.595	569.452
Foreign exchange adjustment		(90.983)	0
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		727.688	767.595
		<hr/>	<hr/>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		727.688	767.595
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		727.688	767.595
		<hr/>	<hr/>

Notes to the Consolidated Annual Report

1 Events after the balance sheet date

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

2 Revenue

	Europe	Asia	Americas	Rest of the world	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<u>Business segments:</u>					
Food ingredients	1.038.213	1.174.657	53.874	0	2.266.744
Food Technology	607.943	173.587	766.507	0	1.548.037
Packaging	1.727.700	64.187	1.393.900	186.000	3.371.787
Sport & fashion	2.143.220	21.200	31.018	29.520	2.224.958
Real Estate	61.369	0	0	0	61.369
Total revenue 2023	5.578.445	1.433.631	2.245.299	215.520	9.472.895

3 Other income on operations

	2023	2022
	DKK '000	DKK '000
COVID-19 compensation, fixed costs	0	125
COVID-19 compensation, salaries	96	424
Other income	3.946	11.236
Wage reimbursements	3.245	0
Payment from insurance	0	73.500
	7.287	85.285

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
4		
Fee to shareholder appointed auditor		
Fee to Deloitte		
Statutory audit	4.022	4.160
Tax and VAT related services	144	648
Other services	308	568
	<u>4.474</u>	<u>5.376</u>
Fee to other auditors		
Statutory audit	5.066	4.407
Tax and VAT related services	536	3
Other services	383	100
	<u>5.985</u>	<u>4.510</u>
Total fee to auditors		
Statutory audit	9.088	8.567
Tax and VAT related services	680	651
Other services	691	668
	<u>10.459</u>	<u>9.886</u>
5		
Staff expenses		
Salaries	-1.518.986	-1.421.311
Pensions	-123.103	-103.667
Other social security expenses	-125.808	-133.898
	<u>-1.767.897</u>	<u>-1.658.876</u>
Including remuneration to Executive and Supervisory Boards	<u>-1.559</u>	<u>-1.316</u>
Average number of employees	<u>5.177</u>	<u>4.849</u>

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
6	Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	
	Intangible assets	-67.298 -68.441
	Buildings	-52.636 -80.998
	Plant and machinery	-174.857 -144.415
	Other fixtures, fittings, tools and equipment	-42.196 -40.054
	Impairment losses	-97.000 -77.600
	Profit/loss on disposals of the year	-1.353 -30.353
	-435.340	-441.861
7	Income from investments in associates after tax	
	Share of profit or loss in associates	-4.075 2.082
	-4.075	2.082
8	Financial income	
	Exchange adjustmens	36.596 73.446
	Income from shares	2.245 5.307
	Other financial income	36.987 32.974
	75.828	111.727

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
9	Financial expenses	
	Exchange adjustments	-182.987
	Other financial expenses	-110.991
	-244.346	-293.978
10	Tax on profit/loss for the year	
	Current tax for the year	-138.791
	Deferred tax for the year	-12.217
	Adjustment concerning previous years	7.578
	-193.678	-143.430

11 Discontinuing operations and Assets held for sale

In April 2022, the subsidiary Hartmann announced its strategic decision to exit Russia and initiate a full divestment of its Russian Business in response to Russia's invasion of Ukraine. The prevailing political and economic climate hinders the realization of Hartmann's business plan in the country. Since the announcement, an extensive divestment process has been initiated to evaluate the impact of sanctions, navigate the Russian government's approval procedures, engage M&A advisors, identify potential buyers, and formalise the sales process.

The ongoing uncertainty surrounding the political situation in Russia has significantly affected the divestment process, with Russian authorities having imposed restrictions on the sale of Russian companies, mandating approval from the Special Government Commission for divestments. The practical implications of these restriction on the divestment process and associated risks remains unclear, and consequently introduces considerable uncertainty on both the valuation and timing of the divestment.

Hartmann will continue to operate the Russian factory and fulfill obligations within the constraints of imposed sanctions and restrictions until the divestment is concluded. As of the balance sheet date, Hartmann retains control over its operations and is actively continuing the divestment efforts.

Nonetheless, the prevailing political uncertainty poses a potential risk of Russian authorities assuming control of Hartmann's Russian assets, either temporarily or permanently.

The uncertainty and risks are factored into the assumptions applied in measuring the Russian business. In 2023, the net assets of the Russian business were impaired to their estimated fair value less cost to sell by DKK 57 million (2022: DKK 117 million). The impairment is recognized in the results of discontinued operations. The fair value, denominated in the local currency, has been translated into the group's presentation currency (DKK) using the official exchange rate as of 31 December 2023. Any adjustments to the consolidated value of the Russian business unit resulting from changes in the exchange rate have been recognised in other comprehensive income and included in the translation reserve within equity.

In 2023 the investment in the Russian business unit of originally DKK 101,9 million was written down to its net realisable value, DKK 1.9 million, as a result of the political situation and sanctions on the back of the Russian invasion of Ukraine. Impairment write-down in 2023 amounted to DKK 57 million.

The Group's shipping activities were sold during 2023. Net results of discontinuing shipping operations in the amount of DKK 374m includes profit on the sale of the activities.

Notes to the Consolidated Annual Report

11 Discontinuing operations and Assets held for sale (continued)

	2023	2022
<u>Profit and loss</u>	DKK '000	DKK '000
Revenue	723.110	120.900
Other income on operations	415.752	0
Expenses	-620.257	-100.100
Depreciation/amortization and impairment	-56.900	-121.300
Financial items, net	-4.771	4.500
Profit or loss before tax	456.934	-96.000
Tax	-126.968	-4.900
Profit or loss for the year	329.966	-100.900
<u>Cash flows</u>		
Operating activities	668.073	19.600
Investment activities	-8.500	-9.300
Financing activities	0	0
Net Cash Flow	659.573	10.300

The major classes of assets and liabilities of the Russian Business unit as held for sales as of 31 December 2023 are as follows:

	2023	2022
<u>Balance sheet</u>	DKK '000	DKK '000
Assets		
Intangible assets	0	10.200
Property, plant and equipment	0	48.700
Inventory	0	6.400
Receivables	0	9.500
Cash	1.900	16.700
Assets held for sale	1.900	91.500
Liabilities		
Deferred tax	0	1.400
Other liabilities	0	17.000
Liabilities related to assets held for sale	0	18.400

Notes to the Consolidated Annual Report

	Acquired rights	Completed development projects	Development projects in process	Goodwill
	DKK '000	DKK '000	DKK '000	DKK '000
12 Intangible assets				
Cost at 1 January	247.952	233.831	25.193	369.206
Hyperinflation restatement	700	40.400	0	0
Exchange adjustment	-12.090	-40.791	56	-2.347
Additions for the year	8.364	42.983	2.555	0
Disposals for the year	0	-85	-3.800	-206
Cost at 31 December	<u>244.926</u>	<u>276.338</u>	<u>24.004</u>	<u>366.653</u>
Impairment losses and amortisation at 1 Jan.	-144.624	-134.553	0	-196.130
Hyperinflation restatement	-700	-40.400	0	0
Exchange adjustment	10.042	40.698	0	769
Impairment losses	-10.300	0	0	-42.500
Amortisation for the year	-18.564	-36.659	0	-12.075
Impairm. loss and amortisation on assets sold	6.558	2.821	0	0
Impairment losses and amortisation at 31 Dec.	<u>-157.588</u>	<u>-168.093</u>	<u>0</u>	<u>-249.936</u>
Carrying amount at 31 December	<u>87.338</u>	<u>108.245</u>	<u>24.004</u>	<u>116.717</u>
Amortised over	3-20 years	<u>3-5 years</u>	<u>0 years</u>	<u>10-20 years</u>

Management is of the opinion that the chosen amortisation period is in accordance with the value of the acquired companies in view of the profitability and expectations concerning the future development of each of these companies.

Notes to the Consolidated Annual Report

13 Property, plant and equipment

	Land and buildings	Plant and machinery	Oth. fixtures, fittings, tools and equipment	Property, plant and equipment in progress
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January 2023	1.614.409	3.215.727	483.992	114.668
Hyperinflation restatement	128.500	205.500	27.700	0
Exchange adjustment, beg.	-169.280	-267.843	-51.281	-786
Transfer	-17.998	0	0	0
Additions during the year	118.200	188.787	44.405	220.132
Disposals during the year	-15.922	-100.448	-30.992	-137.251
Cost at 31 December 2023	<u>1.657.909</u>	<u>3.241.723</u>	<u>473.824</u>	<u>196.763</u>
Impairment losses and depreciation at 1 January 2023	-641.452	-2.064.553	-258.095	0
Transferred to assets held for sale	0	0	0	0
Hyperinflation restatement	-24.500	-112.700	-16.500	0
Exchange adjustment	30.711	143.564	31.031	0
Impairment losses	-38.200	-5.600	-400	0
Depreciation for the year	-52.636	-174.857	-42.196	0
Impairment losses and depreciation on assets sold	14.241	96.346	26.463	0
Impairment losses and depreciation at 31. december 2023	<u>-711.836</u>	<u>-2.117.800</u>	<u>-259.697</u>	<u>0</u>
Carrying amount at 31. december 2023	<u>946.073</u>	<u>1.123.923</u>	<u>214.127</u>	<u>196.763</u>
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-10 years</u>	
Leased assets included at 31. december 2023	<u>0</u>	<u>0</u>	<u>112.623</u>	

Notes to the Consolidated Annual Report

13 Property, plant and equipment (continued)

	Investment property <u>DKK '000</u>
Cost at 1 January 2023	603.438
Exchange adjustment, beg.	757
Transfer	2.793
Additions during the year	2.292
	<hr/>
Cost at 31 December 2023	609.280
	<hr/>
Fair value evaluation at 1. January 2023	518.018
Exchange adjustment, beg.	837
Transfer	0
Fair value evaluation adjustment	-56
Fair value evaluation for the year	235
	<hr/>
Fair value evaluation at 31. December 2023	519.034
	<hr/>
Carrying amount at 31 December	1.128.314

Investment properties are measured at fair value based on an earnings multiple method. Earnings are determined as normalised e.g., earnings adjusted for off market rental agreement and vacancy. Fair value is determined as normalised earnings multiplied by the earnings multiple with adjustment of the value for off market rental agreements, rental loss in estimated vacancy periods etc.

Investment properties comprise in total 19 residential, retail, logistic and office properties, hereof 15 located in larger cities in Denmark. Earnings multiples applied for measuring the fair value are based on discount rates in the range 2,3 – 9,3 %

Investment properties located in larger cities in the rest of the EU comprises of one office property. Earnings multiple applied for measuring the fair value is based on a discount rate of 6,2 %

Applied discount rates are determined based on location, nature of property etc.

Nature of property	Fair value <u>DKK '000.000</u>	Weighted average <u>discount rate</u>	<u>m2</u>	Fair value <u>per m2</u>
Residential & retail	172	3,6%	5.376	32.062
Logistical	228	6,8%	36.452	6.260
Office	728	6,2%	28.636	25.423

There is uncertainty in determining the return requirements used in determining the fair value of investment properties. An increase in the applied discount rate of 0,5 %-points and a corresponding reduction will reduce the fair value by DKK 89 million, respectively increase the fair value by DKK 120 million.

No external valuer has been used in determining fair value.

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
14 Investments in associates		
Cost at 1 January	10.221	10.221
Additions during the year	157	0
Disposals during the year	0	0
Cost at 31 December	<u>10.378</u>	<u>10.221</u>
Valuation adjustments at 1 January	36.796	35.415
Exchange adjustment, beginning of year	281	299
Net profit/loss for the year	-4.075	2.082
Impairment losses and depreciation, disposals and dividends	-1.000	-1.000
Revaluations at 31 December	<u>32.002</u>	<u>36.796</u>
Carrying amount at 31 December	<u>42.380</u>	<u>47.017</u>
Specification of investments in associates:		
Name:	Registered office	Share of ownership and votes
K/S Generatorvej 4	Denmark	50%
Shanghai GI Ovo Packing Co. Ltd.	China	50%
Ovotrack B V	Netherlands	50%

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
15 Other fixed asset investments		
Cost at 1 January	30.072	40.848
Exchange adjustment, beginning of year	79	1.037
Additions during the year	1.151	970
Disposals during the year	0	-12.783
Cost at 31 December	<u>31.302</u>	<u>30.072</u>
Valuation adjustments at 1 January	-8.450	1.914
Net profit/loss for the year	2.173	0
Other adjustment for the year	8.367	-10.364
Revaluations at 31 December	<u>2.090</u>	<u>-8.450</u>
Carrying amount at 31 December	<u>33.392</u>	<u>21.622</u>
16 Inventories		
Raw materials and consumables	321.975	391.843
Work in progress	96.635	57.734
Finished goods and goods for resale	1.386.574	1.595.612
Prepayments	2.413	10.451
	<u>1.807.597</u>	<u>2.055.640</u>

Notes to the Consolidated Annual Report

	2023	2022
	DKK '000	DKK '000
17		
Provision for deferred tax		
Provision for deferred tax at 1 January	140.479	143.929
Foreign exchange adjustment	-8.239	-2.890
Transferred to liabilities related to assets held for sale	0	-8.300
Amounts recognized in the income statement for the year	17.456	12.217
Adjustment previous years	1.349	-9.456
Amounts recognised in equity for the year	19.369	4.979
Provision for deferred tax at 31 December	<u>170.414</u>	<u>140.479</u>
Deferred tax asset	-95.787	-127.628
Provision for deferred tax	<u>266.201</u>	<u>268.107</u>
Provision for deferred tax at 31 December	<u>170.414</u>	<u>140.479</u>

Provision for deferred tax consists mainly of temporary differences between the carrying amount and the tax base of tangible fixed assets, provisions and other items. Tax loss carry-forwards and other negative differences have been set off against provisions for deferred tax. Deferred tax assets have been set off against provisions in the same legal tax entity and jurisdiction.

The valuation of deferred tax has been performed on the basis of the expectations for future earnings set by the executive board. The executive board expects a continuous stream of positive earnings the next five years, which will use the positive deferred tax.

The group has applied the temporary exception included in the Danish Financial Statement Act in December 2023 on the accounting requirements for deferred taxes. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Minimumsbekætningslovens (Pillar Two) income taxes.

18 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

19 Pension obligations

Pension obligations comprise defined benefit plans where the Group has an obligation to pay a specific benefit (e.g. retirement pension in the form of a fixed proportion of the exit salary). Under these plans the group carries the risk in relation to future developments in interest rates, inflation, mortality, etc.

20 Other provisions

Other provisions comprise obligations concerning warranty commitments and legal disputes.

Notes to the Consolidated Annual Report

21 Debt

Payments falling due within one year are stated under short-term debt.

Other debt is recognised in long-term debt.

	<u>2023</u>	<u>2022</u>
	DKK '000	DKK '000
22 Mortgage loans		
After 5 years	277.417	238.701
Between 1 and 5 years	96.643	82.248
	<u>374.060</u>	<u>320.949</u>
Long-term part		
Within 1 year	20.217	20.221
	<u>20.217</u>	<u>20.221</u>
	<u>394.277</u>	<u>341.170</u>
23 Credit institutions		
After 5 years	0	0
Between 1 and 5 years	967.236	1.055.234
	<u>967.236</u>	<u>1.055.234</u>
Long-term part		
Within 1 year	911.723	1.344.945
	<u>911.723</u>	<u>1.344.945</u>
	<u>1.878.959</u>	<u>2.400.179</u>

Notes to the Consolidated Annual Report

	2023 DKK '000	2022 DKK '000
24	Lease liabilities	
	0	66.521
	100.215	38.501
	100.215	105.022
	9.515	7.077
	109.730	112.099
25	Other payables	
	8.977	9.181
	17.903	18.531
	26.880	27.712
	1.012.908	780.890
	1.039.788	808.602
26	Deferred income	
	Deferred income consists of prepayments received from customers.	
27	Proposed distribution of profit	
	20.000	20.000
	296.010	0
	54.417	5.267
	273.398	276.887
	643.825	302.154

Notes to the Consolidated Annual Report

28 Financial instruments

Forward exchange contracts are used to hedge future cash flows. The Group's primary currency exposure relates to purchase and sales in other currencies than the functional currency of the individual Group entities.

Forward exchange contracts are used to secure future cash flows covering the following net amounts and periods:

	DKK '000
CHF/DKK	(2.900)
GBP/DK K	(4.600)
PLN/DK K	(7.200)
USD/CAD	1.400
DKK/USD	674

The fair value of forward exchange contracts is included in other receivables, with a value of positive DKK 2,074k. The fair value of forward exchange contracts is included in other payables, with a value of negative DKK 14,700k.

The contracts have a maturity within 1-5 years.

Other financial instruments:

Interest cap. EU R	(600)
Energy contracts	(1.800)

Notes to the Consolidated Annual Report

29 Contingent liabilities and other financial obligations

Security

The following has been placed as security for foreign loans and other bank loans:

- Mortgage deed registered to the owner, DKK 1 million.

The following assets have been placed as security for mortgage debt:

- Mortgage deeds in the amount of DKK 413 million in property valued at 683 million.
- Indemnity letter covering security for DKK 45 million in land and buildings.
- Indemnity letter covering security for DKK 78 million in machinery and equipment.

As part of its ordinary activities, the Group has issued guarantees concerning deliveries, refunds received, letter of credit obligations, current credits, etc.

Unrecognized rental and lease commitments

Unrecognised rental and lease commitments amount to DKK 225 million. Maximum period of non-terminability is 96 months.

Contingent liabilities

In autumn 2019, the Brazilian tax authorities raised a claim of BRL 56 million against a subsidiary's company in Brazil concerning non-payment of industrial products tax (IPI) on sales of the company's products in 2015 and 2016. Accumulated calculated interests and fines related to the claim up until December 2023 not claimed by the tax authorities is estimated to BRL 16 million leading to a total estimated claim of BRL 72 million, corresponding to DKK 100 million. The tax authorities have not raised any claims against the Brazilian subsidiary for the subsequent years 2017-2022.

Based on judicial practice and statements from its legal advisers, the subsidiary is of the opinion that the company's products are not liable to IPI tax and accordingly considers the claim to be unjustified and therefore disputes the claim but acknowledges that the case is complicated and that the legal proceedings are to take place in a complex judicial environment. Based on this, the outcome is subject to a degree of uncertainty. There has been no significant development in the case in 2023. A lengthy process is expected before the case will be finally settled. No provision has been recognized.

The Group is party to a limited number of other disputes. In management's opinion these disputes will not significantly affect the financial position of the Group.

The Group has received a claim in the amount of DKK 100 million in relation to the shipping Group. Management considers the claim unjustified and therefore disputes the claim. The Group does not expect the claim to materially affect the financial position of the Group.

The Group is party to a limited number of other disputes. In management's opinion these disputes will not significantly affect the financial position of the Group.

Contingent liabilities in relation to jointly taxed income.

Thornico A/S is jointly taxed with its Danish group related companies in which Thornico Holding A/S serves as the administration company.

The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

Notes to the Consolidated Annual Report

30 Subsidiaries

Specification of investments in subsidiaries:

Name:	Registered office	Share of ownership and votes
Thornico A/S	Denmark	100%
Mount Baldy A/S	Denmark	100%
Thornico Food & Food Technology Group A/S	Denmark	100%
Lactosan A/S	Denmark	100%
Lactosan Japan Ltd,	Japan	100%
Lactosan Holdings Ltd.	UK	100%
Lactosan-Sanovo UK	UK	100%
Lactosan UK	UK	100%
Intereggs Ltd	UK	100%
Lactosan Uruguay S.A.	Uruguay	100%
Deltanir S.A.	Uruguay	100%
Lactosan Russia Ltd,	Russia	100%
Lactosan China Ltd,	China	100%
Sanovo Technology A/S	Denmark	100%
Sanovo Technology USA Inc.	USA	100%
Sanovo Technology Japan Ltd.	Japan	100%
Sanovo Technology Italia S.r.l.	Italy	100%
Ramé-Hart Inc.	USA	100%
Staalkat Beheer B.V.	Netherlands	100%
Sanovo Technology Netherlands B.V.	Netherlands	100%
Sanovo Process Solutions A/S	Denmark	100%
Sanovo Technology Robotics A/S	Denmark	100%
Sanovo Technology Asia SDN BHD	Malaysia	100%
Sanovo Technology Mexico S.A. DE C.V.	Mexico	100%
Nikro s.r.o.	Slovakia	100%
Sanovo Logistic ApS	Denmark	100%
Sanovo Technology Comercio de Maquinas Ltda.	Brazil	100%
Investeringsselskabet af 1. september Aps	Denmark	100%
Foodcraft Equipment Co., Inc.	USA	100%
Foodcraft Inc.	USA	100%
Sanovo Capital A/S	Denmark	100%
Sanovo Technology Process A/S	Denmark	100%
Shanghai Sanovo Machinery Technology Co. Ltd.	China	100%
Sanovo Plastic Logistics ApS	Denmark	100%
Danish Ovo Investment ApS	Denmark	100%
El Dorado C.A.	Venezuela	100%
Productos Danimex C.A.	Venezuela	70%
West-Star Foods BV	Netherlands	100%
Dominium II	Denmark	100%
Derivados del Huevo S.A.	Spain	100%
Danovo Aps	Denmark	100%
China Egg Products Aps	Denmark	100%
Ovodan Foods (China) Ltd	China	66%
Taiyo Foods Tianjin Ltd	China	66%
Guangdong Ovodan Foods	China	66%
Ovodan Egg Co. Ltd	China	100%
Ovodan Europe ApS	Denmark	100%
Ovodan Egg Products UK Ltd	UK	100%
Ovodan Foods A/S	Denmark	100%
Ovodan International A/S	Denmark	100%
Ovodan Biotech A/S	Denmark	100%

Notes to the Consolidated Annual Report

Specification of investments in group enterprises:

Name:	Registered office	Share of ownership and votes
Ovodan Germany ApS	Denmark	100%
Sanovo Pharmtech GmbH	Germany	100%
Ovodan Eiprodukte GmbH & Co. K.G.	Germany	100%
Eiproduktegesellschaft Ovodan Eiprodukte GmbH	Germany	100%
Sanovo Greenpack K/S	Denmark	100%
Martech Aps	Denmark	100%
Sanovo Packaging Denmark ApS	Denmark	81%
Sanovo Egg Packaging Chuzhou	China	100%
Brødrene Hartmann A/S	Denmark	98%
Hartmann Canada Inc.	Canada	98%
Hartmann d.o.o.	Serbia	98%
Hartmann Finance A/S	Denmark	98%
Hartmann France S.a.r.l.,	Denmark	98%
Hartmann Hungary Kft.	Hungary	98%
Hartmann Italiana S.r.l.	Italy	98%
Hartmann Mai Ltd.	Israel	98%
Hartmann Papirna Ambalaza d.o.o.	Croatia	98%
Hartmann Pólska Sp.z.o.o.	Poland	98%
Hartmann Verpackung GmbH	Germany	98%
Hartmann (UK) Ltd.	UK	98%
Hartmann US Inc.	USA	98%
Hartmann Verpackung AG	Switzerland	98%
Mohan Paper Mouldings Private Ltd.	India	98%
Hartmann India Ltd.	India	98%
Molarsa Chile SPA	Chile	98%
Moldeados Argentinos S.A.I.C.M.	Argentina	98%
Projects A/S	Denmark	98%
Sanovo Greenpack Argentina S.A.	Argentina	98%
Sanovo Greenpack Embalagens do Brasil Ltda	Brazil	98%
Mätfoods A/S	Denmark	100%
Siangpack Sdn. Bhd.	Malaysia	100%
Thornico IT A/S	Denmark	100%
I3 Ibero S.A.	Spain	100%
Dominium K/S	Denmark	100%
West-Star Italy A/S	Denmark	100%
Emery LLC	USA	100%
Thornico building K/S	Denmark	100%
West-Star Management BV	Netherlands	100%
West-Star Aps	Denmark	100%
Stanico A/S	Denmark	100%
Stanico South A/S	Denmark	100%
Jonstrupvej 117-119 Aps	Denmark	100%
Red Swan Aps	Denmark	100%
West-Star International A/S	Denmark	100%
West-Star Holland A/S	Denmark	100%
West-Star Real Estate A/S	Netherlands	100%

Notes to the Consolidated Annual Report

Specification of investments in group enterprises:

Name:	Registered office	Share of ownership and votes
Ejendomsselskabet Harridslev A/S	Denmark	100%
Ejendomsselskabet Jerstrup A/S	Denmark	100%
hummel Holding A/S	Denmark	100%
hummel A/S	Denmark	100%
Ultra Bright Ltd.	Hong Kong	100%
hummel International A/S	Denmark	100%
Bee Sport Aps	Denmark	100%
hummel Bodh Gaya Aps	Denmark	100%
hummel North America Aps	Denmark	100%
hummel Sport & Leisure Warenhandelsgesellschaft mbH	Germany	100%
hummel UK Ltd.	UK	100%
hummel Sweden AB	Sweden	100%
Bumblebee ApS	Denmark	100%
hummel France	France	100%
hummel Spor Malzemeleri San. Ve Ticaret A.S.	Turkey	100%
hummel Iberical Sport & Fashion	Spain	51%
Performance Group Scandinavia A/S	Denmark	100%
Markon A/S	Denmark	51%
hummel Sport and Leisure CH GmbH	Switzerland	100%
hummel India Private Ltd.	India	100%
hummel North America, Inc.	USA	100%
Cella Logistik GmbH	Germany	100%
hummel Cenozoic ApS	Denmark	100%
hummel Distribution Center ApS	Denmark	100%
Havnegade Capital Aps	Denmark	100%
Thorco Projects A/S	Denmark	100%
Thorco Capital III ApS	Denmark	100%
Thorco Projects USA Inc.	USA	100%
TS Lease Corp Ltd.	Panama	100%
Cargo Captains A/S	Denmark	100%
Thorco Projects Singapore Pte. LTD.	Singapore	100%

Investments in subsidiaries classified as assets held for sale:

JSC Hartmann-Rus	Russia	98%
OOO EKU Holding	Russia	98%

Notes to the Consolidated Annual Report

31 Related parties and ownership

	Basis
Controlling interest	
Christian Nicholas Rosenkrantz Stadil, non-public address	Controlling shareholder
Christian Nicholas Rosenkrantz Stadil, non-public address	Ultimate owner
Other related parties	
Supervisory and Executive Boards	Management control

In accordance with the Danish Financial Statements Act the company has chosen to only disclose transactions that have not been completed under normal market conditions. Management believes that all related party transactions take place on market terms.

	2023	2022
	DKK '000	DKK '000
32 Cash flow statement - adjustments		
Financial income	-78.073	-111.727
Financial expenses	244.346	293.978
Depreciation and impairment losses, incl. gain and loss on sale	435.340	441.861
Fair value evaluation of investment property	-235	-7.015
Income on investments in associates	4.075	-2.082
Income tax in income statement	193.678	143.430
	<u>799.131</u>	<u>758.445</u>
33 Cash flow statement - change of working capital		
Change in inventories	248.043	-585.071
Change in receivables	265.347	-154.544
Change in other provisions	2.578	41.437
Change working capital moved to discontinuing operations	-293.873	0
Foreign exchange adjustment	0	-28.063
Change in suppliers et c	22.206	292.497
	<u>244.301</u>	<u>-433.744</u>

Parent Company Income Statement 1 January - 31 December

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Other external expenses		-328.125	-281.948
Profit/loss before financial income and expenses		<u>-328.125</u>	<u>-281.948</u>
Income from investments in group enterprises	2	590.414.944	298.920.728
Financial income	3	618.449	0
Financial expenses	4	-1.484.778	-2.049.959
Profit/loss before tax		<u>589.220.490</u>	<u>296.588.821</u>
Tax on profit/loss for the year, income	5	186.658	296.929
Net profit/loss for the year	6	<u>589.407.148</u>	<u>296.885.750</u>

Parent Company Balance Sheet at 31 December

Assets

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Investments in group enterprises	2	3.460.140.816	3.555.749.967
Fixed asset investments		<u>3.460.140.816</u>	<u>3.555.749.967</u>
Fixed assets		<u>3.460.140.816</u>	<u>3.555.749.967</u>
Receivables from group enterprises		75.601.740	7.155.257
Receivable corporation tax		15.294.905	76.545.145
Receivables		<u>90.896.645</u>	<u>83.700.402</u>
Cash and cash equivalents		<u>24.158</u>	<u>21.933</u>
Current assets		<u>90.920.803</u>	<u>83.722.335</u>
Assets		<u>3.551.061.619</u>	<u>3.639.472.302</u>

Parent Company Balance Sheet at 31 December

Liabilities and equity

	<u>Note</u>	<u>2023</u> DKK	<u>2022</u> DKK
Share capital		5.000.000	5.000.000
Reserve for revaluation under the equity method		2.351.963.028	2.337.572.179
Retained earnings		1.111.689.405	1.222.697.201
Proposed dividend for the year		20.000.000	20.000.000
Equity		<u>3.488.652.433</u>	<u>3.585.269.380</u>
Other payables		62.409.186	54.202.922
Short-term debt		<u>62.409.186</u>	<u>54.202.922</u>
Debt		<u>62.409.186</u>	<u>54.202.922</u>
Liabilities and equity		<u>3.551.061.619</u>	<u>3.639.472.302</u>
Proposed distribution of profit	6		
Security/Continent liabilities	7		
Related parties and ownership	8		

Statement of changes in Equity for Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed extraordinary dividend	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2023	5.000.000	2.337.572.179	1.222.697.201	0	20.000.000	3.585.269.380
Dividends paid	0	0	0	0	(20.000.000)	(20.000.000)
Extraordinary dividend paid	0	0	0	(296.010.000)	0	(296.010.000)
Exchange adjustments	0	(125.824.693)	0	0	0	(125.824.693)
Effect of purchase and sale of minority shares	0	(430.199.402)	186.010.000	0	0	(244.189.402)
Dividends received	0	(20.000.000)	20.000.000	0	0	0
Net profit/loss for the year	0	590.414.944	(317.017.796)	296.010.000	20.000.000	589.407.148
Equity 31. December 2023	5.000.000	2.351.963.028	1.111.689.405	0	20.000.000	3.488.652.433

Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
1 Staff		
The company has no employees.		
Management is employed in a subsidiary and a management fee is paid to the subsidiary for this service.		
2 Investments in group enterprises		
Cost at 1 January	1.218.177.788	1.218.177.788
Additions during the year	296.010.000	0
Disposals during the year	-296.010.000	0
Cost at 31 December	<u>1.218.177.788</u>	<u>1.218.177.788</u>
Revaluation at 1 January	2.337.572.179	1.945.926.322
Net profit for the year after tax	590.414.944	298.920.728
Exchange	-125.824.693	85.157.310
Dividend	-316.010.000	-20.000.000
Other equity transactions	-244.189.402	27.567.819
Revaluation at 31 December	<u>2.241.963.028</u>	<u>2.337.572.179</u>
Carrying amount at 31 December	<u>3.460.140.816</u>	<u>3.555.749.967</u>

Specification of investments in group enterprises:

For a full list of subsidiaries including share of ownership and registered office, please refer to the group notes in this annual report.

Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
3 Financial income		
Interest income, group enterprises	618.449	0
	<u>618.449</u>	<u>0</u>
4 Financial expenses		
Interest costs, group enterprises	0	-1.369.513
Interest, others	-1.483.778	-679.163
Interest, bank	0	-283
Interest, sundry	-1.000	-1.000
	<u>-1.484.778</u>	<u>-2.049.959</u>
5 Tax on profit/loss for the year		
Tax on profit/loss for the year is specified as follows:		
Adjustment conc. previous years, Parent	-36.247	-176.216
Tax on taxable income, Parent	222.905	473.145
	<u>186.658</u>	<u>296.929</u>

Notes to the Parent Company Annual Report

	<u>2023</u>	<u>2022</u>
6 Proposed distribution of profit		
Proposed dividend for the year	20.000.000	20.000.000
Reserve for net revaluation under the equity method	590.414.944	298.920.728
Retained earnings	-21.007.796	-22.034.978
	<u>589.407.148</u>	<u>296.885.750</u>

7 Security/Contingent liabilities

Contingent liabilities in relation to jointly taxed income.
 Thornico Holding A/S is jointly taxed with its Danish group related companies.
 The company thus has secondary liability with respect to income taxes etc. and any obligations to withhold taxes on interest, royalties and dividends applying to the jointly taxed companies. Such secondary liability is, however, capped at an amount equal to the portion of the share capital in the company held directly or indirectly by the ultimate parent.

8 Related parties and ownership

	<u>Basis</u>
Controlling interest Christian Nicholas Rosenkrantz Stadil, non-public address	Ultimate owner
Other related parties Supervisory and Executive Boards	Management control

In accordance with the Danish Financial Statements Act the company has chosen to only disclose transactions that have not been completed under normal market conditions. Management believes that all related party transactions take place on market terms.

