

# **Thornico Holding A/S**

Havnegade 36, DK-5000 Odense

## **Annual Report for 2022**

CVR No 35 25 80 00

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13 June 2023

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 2022.

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 2022 of the Company and the Group and of the results of the Company and Group operations and cash flows for 2022.

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, 13 June 2023

### **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 Company Financial Statements of Thornico Holding A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. 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 Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern for 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 Group or the Parent Company 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 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 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 under the Danish Financial Statements Act.

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 of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Odense, 13 June 2023

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: 10<sup>th</sup> 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



**FOOD**

CONTROLLING INTEREST

Egg and cheese processing, trading and biotech

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**FOOD TECHNOLOGY**

CONTROLLING INTEREST

Food processing machinery and meditech

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**PACKAGING**

CONTROLLING INTEREST

Egg and fruit packaging solutions

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**SPORT & FASHION**

CONTROLLING INTEREST

Footwear and apparel design and manufacturing

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**REAL ESTATE**

CONTROLLING INTEREST

Real estate ownership and letting

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**SHIPPING**

CONTROLLING INTEREST

Ship owning, management and brokering, etc.

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**VENTURE**

NON-CONTROLLING INTEREST

Co-founder, seed, pre-seed and minority investor

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\* 50-80% ownership

## Financial Highlights of the Group

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Profit/loss					
Revenue	12.131.316	10.099.657	8.575.274	9.211.750	8.393.614
Gross profit	2.810.575	2.662.822	2.215.495	2.179.341	1.799.341
EBITDA	1.151.699	1.229.992	930.864	901.542	658.580
Profit/loss before financial income and expenses	716.853	968.255	747.644	528.626	344.248
Net financials	-180.169	46.911	-42.750	-13.226	-28.276
Net profit/loss for the year	302.154	830.802	536.666	429.971	239.421
Balance sheet					
Balance sheet total	9.414.540	8.404.893	7.103.851	6.767.460	6.706.297
Equity	4.046.453	3.641.930	2.698.531	2.451.961	2.104.126
Investment in property, plant and equipment	462.224	588.839	403.967	474.348	372.759
Cash flows					
Cash flows from:					
- operating activities	378.996	647.470	751.512	381.398	356.668
- investing activities	-510.989	-710.881	-718.106	-197.138	-352.041
- financing activities	319.836	114.179	175.881	-207.496	9.740
Changes for the year in cash and cash equivalents	198.143	45.268	209.287	-23.236	14.367
Number of employees	4.849	4.832	4.335	4.036	3.929

## Financial Highlights of the Group

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	23,2%	26,4%	25,8%	23,7%	21,4%
Profit margin	5,9%	9,6%	8,7%	5,7%	4,1%
Return on assets	7,6%	11,5%	10,5%	7,8%	5,1%
Solvency ratio	43,0%	43,3%	38,0%	36,2%	31,4%
Return on equity	7,5%	22,8%	19,9%	17,5%	11,4%

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

### 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 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

2022 was an exciting year with record sales for the Thornico Group.

Within our food and food technology companies we saw a negative influence stemming from increased raw material and energy prices and although we within our sport and fashion activities showed record sales we were also negatively influenced by significant start-up costs for new warehouse facilities as challenging market conditions.

On the more positive side shipping had another great year with continued high activity as related high profits and in real estate we saw unprecedented low vacancy in Denmark as internationally.

Aggregated for the group we came out with a record turnover of DKK 12,131m but saw an earnings decrease to DKK 536m (EBT).

2023 though already shows significant pick up including in the companies hit by hard times in 2022 resulting in an all time high first quarter with consolidated EBT of around DKK 300m.

This also means that we project that our EBT for 2023 again will be in our new normal range of DKK 700 – 800m.

A sale of the shipping activities will have a positive effect on the above expectations for 2023.

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

At the date of the Annual Report for 2021 Management expected EBIT results for 2022 in the range of DKK 700m – 800m.

EBIT was realized at DKK 717m which was within the expected range.

## 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 textile 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.

#### *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**

At the end of May 2023, an agreement was entered into with D/S Norden for D/S Norden to acquire the Thorco Projects business. At the date of the annual report, the acquisition is awaiting regulatory clearance.

### **Report on Corporate Social Responsibility, cf. Section 99 a of the Danish Financial Statements Act and Report on the Gender Composition in Management, cf. Section 99 b of the Danish Financial Statements Act**

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

<http://www.thornico.com/Company-Karma>

### **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/>

# Accounting Policies

## Basis of Preparation

The Annual Report of Thornico Holding A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements for 2022 are presented in DKK thousands whereas the Parent Company Financial Statements are presented in DKK.

## Recognition and measurement

The Annual Report has been prepared under the historical cost method.

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 rec-

ognised 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 2022 would have been adjusted by -1 to -6 mDKK and equity by 31 December 2022 would have been adjusted by 7 to -25 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, sport & fashion, and shipping. 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**

Investment properties are initially measured at cost. Subsequently, investment properties are measured to fair value. Fair value adjustments are measured in income statement.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion it has not been possible this year to determine fair value through market information, and, consequently, valuation has been determined by using a return-based model.

The fair value of investment properties has been determined at 31 December 2022 for each property by using a return-based model. The calculations are based on property budgets for the upcoming year, adjusted for movements, which are caused by isolated events.

The expected cash flow is multiplied with an individually determined rate of return. The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet, by which the fair value emerge.

### **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 are restated 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	2022 DKK '000	2021 DKK '000
Revenue	2	12.131.316	10.099.657
Other operating income	3	85.285	12.457
Expenses for raw materials and consumables		-4.919.902	-3.815.041
Other external expenses	4	-4.486.124	-3.634.251
Gross profit		2.810.575	2.662.822
Staff expenses	5	-1.658.876	-1.432.830
EBITDA		1.151.699	1.229.992
Fair value evaluation of investment property	13	7.015	70.910
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-441.861	-332.647
Profit/loss before financial income and expenses		716.853	968.255
Income from investments in associates after tax	7	2.082	7.350
Financial income	8	111.727	210.050
Financial expenses	9	-293.978	-170.489
Profit/loss before tax		536.684	1.015.166
Tax on profit/loss for the year	10	-143.430	-184.264
Profit from continuing operations		393.254	830.902
Result from discontinuing operations	11	-91.100	-100
Net profit/loss for the year	27	302.154	830.802

## Consolidated Balance Sheet at 31 December

### Assets

	Note	2022 DKK '000	2021 DKK '000
Acquired rights	12	103.328	126.876
Completed development projects	12	99.278	97.441
Development projects in progress	12	25.193	0
Goodwill	12	173.076	246.596
		<hr/>	<hr/>
Intangible assets		400.875	470.913
		<hr/>	<hr/>
Land and buildings	13	972.957	856.444
Plant and machinery	13	1.151.174	987.543
Other fixtures, fittings, tools and equipment	13	225.897	93.006
Investment Property	13	1.121.456	1.134.548
Property, plant and equipment in progress	13	114.668	428.643
		<hr/>	<hr/>
Property, plant and equipment		3.586.152	3.500.184
		<hr/>	<hr/>
Investments in associates	14	47.017	45.636
Other fixed asset investments	15	21.622	42.762
		<hr/>	<hr/>
Fixed asset investments		68.639	88.398
		<hr/>	<hr/>
Fixed assets		4.055.666	4.059.495

## Consolidated Balance Sheet at 31 December

### Assets

	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Inventories	16	<u>2.055.640</u>	<u>1.470.569</u>
Trade receivables		1.691.878	1.658.014
Receivables from associates		0	3.813
Receivable corporation tax		81.117	132.372
Deferred tax asset	17	127.628	92.155
Other receivables		401.505	280.558
Prepayments	18	142.011	138.465
Receivables		<u>2.444.139</u>	<u>2.305.377</u>
Cash and cash equivalents		<u>767.595</u>	<u>569.452</u>
Current assets		<u>5.267.374</u>	<u>4.345.398</u>
Assets held for sale	11	<u>91.500</u>	<u>0</u>
Assets		<u>9.414.540</u>	<u>8.404.893</u>

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	Note	2022 DKK '000	2021 DKK '000
Share capital		5.000	5.000
Hedging reserve		54.967	44.429
Revaluation reserve		6.240	0
Translation reserve		-116.783	-219.206
Retained earnings		3.615.846	3.345.435
Proposed dividend for the year		20.000	20.000
Equity excl. minority interests		3.585.270	3.195.658
Minority interests		461.183	446.272
Equity		4.046.453	3.641.930
Provision for deferred tax	17	268.107	236.084
Pension obligations	19	20.300	9.600
Other provisions	20	135.203	104.466
Provisions		423.610	350.150
Mortgage debt	22	320.949	306.881
Credit institutions	23	1.055.234	1.050.902
Lease liabilities	24	105.022	0
Other payables	25	27.712	26.869
Long-term debt	21	1.508.917	1.384.652

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	Note	2022 DKK '000	2021 DKK '000
Mortgage debt	22	20.221	21.164
Credit institutions	23	1.344.945	1.134.665
Lease liabilities	24	7.077	0
Trade payables		1.131.707	1.023.738
Payables to associates		26.629	18.871
Corporation tax		73.537	142.709
Other payables	25	780.890	604.120
Deferred income	26	32.154	82.894
		<u>3.417.160</u>	<u>3.028.161</u>
Short-term debt			
Debt		<u>4.926.077</u>	<u>4.412.813</u>
Liabilities and equity		<u>9.396.140</u>	<u>8.404.893</u>
Liabilities related to assets held for sale	11	<u>18.400</u>	<u>0</u>
Liabilities and equity		<u>9.414.540</u>	<u>8.404.893</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	Proposed dividend 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 2021	5.000	44.429	0	(219.206)	3.345.435	20.000	3.195.658	446.272	3.641.930
Net profit/loss for the year	0	0	0	0	276.887	20.000	296.887	5.267	302.154
Actuarial gain/loss on defined benefit plans	0	0	0	0	-8.495	0	-8.495	-3.705	-12.200
Revaluations for the year	0	0	8.000	0	0	0	8.000	0	8.000
Exchange adjustments, foreign enterprises	0	0	0	45.261	0	0	45.261	-11.676	33.585
Hyperinflation restatement	0	0	0	50.760	0	0	50.760	22.140	72.900
Value adjustment of hedging instruments	0	12.615	0	0	0	0	12.615	2.490	15.105
Tax on equity adjustments	0	(2.077)	(1.760)	6.402	2.019	0	4.584	395	4.979
Other entries on equity	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	-20.000	-20.000	0	-20.000
Equity at 31 December 2022	5.000	54.967	6.240	-116.783	3.615.846	20.000	3.585.270	461.183	4.046.453

## Consolidated Cash Flow Statement

	Note	2022 DKK '000	2021 DKK '000
Profit from continuing operations		393.254	831.423
Adjustments	32	758.445	397.169
Change in working capital	33	-433.744	-419.871
Cash flows from operating activities before financial income and expenses		717.955	808.721
Financial income		111.727	210.050
Financial expenses		-293.978	-170.489
Income taxes received/paid		-156.708	-200.812
Cash flows from operating activities		378.996	647.470
Purchase of intangible assets		-92.264	-150.794
Purchase of property, plant and equipment		-462.224	-574.639
Acquisition of subsidiaries		0	-130.826
Purchase of financial assets		0	-5.717
Sale of property, plant and equipment		43.499	151.095
Cash flows from investing activities		-510.989	-710.881

## Consolidated Cash Flow Statement

	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Raising/repayment of mortgage loans		13.125	11.947
Raising/repayment of loans from credit institutions		326.711	122.232
Dividends paid		-20.000	-20.000
		<hr/>	<hr/>
Cash flows from financing activities		319.836	114.179
		<hr/>	<hr/>
Cash flows from continuing operations		187.843	50.768
Cash flows from discontinuing operations	11	10.300	-5.500
		<hr/>	<hr/>
Changes in cash and cash equivalents		198.143	45.268
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		569.452	524.184
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		767.595	569.452
		<hr/>	<hr/>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		767.595	569.452
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		767.595	569.452
		<hr/>	<hr/>

## Notes to the Consolidated Annual Report

### 1 Events after the balance sheet date

At the end of May 2023, an agreement was entered into with D/S Norden for D/S Norden to acquire the Thorco Projects business. At the date of the annual report, the acquisition is awaiting regulatory clearance.

### 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	754.636	1.365.625	46.217	79.760	2.246.238
Food Technology	466.205	139.611	505.319	0	1.111.135
Packaging	1.746.500	50.673	1.381.100	222.500	3.400.773
Sport & fashion	2.134.990	0	48.291	17.579	2.200.860
Real Estate	56.088	0	0	0	56.088
Shipping*	0	0	0	0	3.116.222
<b>Total revenue 2022</b>	<b>5.158.419</b>	<b>1.555.909</b>	<b>1.980.927</b>	<b>319.839</b>	<b>12.131.316</b>

\*Global activity

### 3 Other income on operations

	2022	2021
	DKK '000	DKK '000
COVID-19 compensation, fixed costs	125	0
COVID-19 compensation, salaries	424	6.380
Other income	11.236	6.077
Payment from insurance	73.500	0
	<b>85.285</b>	<b>12.457</b>

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
4		
Fee to shareholder appointed auditor		
Fee to Deloitte		
Statutory audit	4.160	6.130
Tax and VAT related services	648	254
Other services	568	980
	<u>5.376</u>	<u>7.364</u>
Fee to other auditors		
Statutory audit	4.407	661
Tax and VAT related services	3	3
Other services	100	4
	<u>4.510</u>	<u>668</u>
Total fee to auditors		
Statutory audit	8.567	6.791
Tax and VAT related services	651	257
Other services	668	984
	<u>9.886</u>	<u>8.032</u>
5		
Staff expenses		
Salaries	-1.421.311	-1.238.823
Pensions	-103.667	-95.524
Other social security expenses	-133.898	-98.483
	<u>-1.658.876</u>	<u>-1.432.830</u>
Including remuneration to Executive and Supervisory Boards	<u>-1.316</u>	<u>-1.595</u>
Average number of employees	<u>4.849</u>	<u>4.832</u>

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
6	Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	
	Intangible assets	-68.441      -68.596
	Buildings	-80.998      -49.171
	Plant and machinery	-144.415     -152.097
	Other fixtures, fittings, tools and equipment	-40.054      -32.115
	Impairment losses	-77.600      -73.600
	Profit/loss on disposals of the year	-30.353      42.932
	-441.861	-332.647
7	Income from investments in associates after tax	
	Share of profit or loss in associates	2.082        7.350
	2.082	7.350
8	Financial income	
	Exchange adjustmens	73.446      120.438
	Income from sale of shares	5.307        0
	Financial gain on closing of activities *)	0            70.372
	Other financial income	32.974      19.240
	111.727	210.050

\*) Financial gain on closing of activities is considered a special item.

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
9	Financial expenses	
	Exchange adjustments	-182.987
	Other financial expenses	-110.991
		<u>-293.978</u>
		<u>-170.489</u>
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
		<u>-143.430</u>
		<u>-184.264</u>

### 11 Discontinuing operations and Assets held for sale

On 1 April 2022 the Group subsidiary Hartmann announced that a sales process for Hartmann's Russian business unit was initiated following Russia's invasion of Ukraine, as the current political and economic climate prevents the realisation of Hartmann's business plan in the country.

Hartmann's Russian business unit is presented as discontinuing operations and assets held for sale and consequently presented separately in the income statement, statement of cash flows and balance sheet.

The comparative figures have been restated for 2021 except in the balance sheet

Being classified as discontinuing operations the Russian business unit is no longer included in the Eurasia segment.

Following the classification as assets held for sale, the net assets in the Russian business unit was measured at fair value less cost to sell, resulting in an impairment of DKK 81 million. The fair value was reassessed as of 31 December 2022 as the conditions for divesting a Russian business unit has changed significantly as legal and practical clarifications evolve. The reassessment resulted in an additional impairment of DKK 36 million as of 31 December 2022 totalling DKK 117 million.

The fair value calculation is not based on external offers but calculated in local currency on a weighted average of various valuation methods including fair value assessment of net assets in use and transaction multiples.

As there is no official guidance on valuation methods for companies wanting to exit Russia the applied valuation method is what we currently believe will be accepted by the Russian authorities based on guidance from advisors. Completing a sales process is subject to approval from the Special Government Commission in Russia and both approval of a potential buyer and the valuation is highly impacted by uncertainties arising from the political situation in Russia.

The fair value is recognised in local currency and has been translated into DKK at the exchange rate as of 31 December 2022. Any adjustments to the consolidated value of the Russian business unit due to changes in the exchange rate have been recognised in the translation reserve within equity.

## Notes to the Consolidated Annual Report

### 11 Discontinuing operations and Assets held for sale (continued)

	<u>2022</u>
	DKK '000
<u>Profit and loss</u>	
Revenue	120.900
Expenses	-100.100
Depreciation/amortization and impairment	-121.300
Financial items, net	<u>4.500</u>
Profit or loss before tax	-96.000
Tax	<u>4.900</u>
Profit or loss for the year	<u>-91.100</u>
 <u>Cash flows</u>	
Operating activities	19.600
Investment activities	-9.300
Financing activities	<u>0</u>
Net Cash Flow	<u>10.300</u>

The major classes of assets and liabilities of the Russian Business unit as held for sales as of 31 December 2022 are as follows:

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

## 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	234.034	210.579	0	391.675
Transferred to assets held for sale	-18.200	0	0	-52.000
Exchange adjustment	4.654	-43	0	246
Transfer	30.893	0	0	29.403
Additions for the year	29.936	36.378	25.193	757
Disposals for the year	-33.365	-13.083	0	-875
Cost at 31 December	<u>247.952</u>	<u>233.831</u>	<u>25.193</u>	<u>369.206</u>
Impairment losses and amortisation at 1 Jan.	-107.158	-113.138	0	-145.079
Transferred to assets held for sale	1.700	0	0	0
Exchange adjustment	-5.667	26	0	-2.997
Transfer	0	0	0	-30.160
Additions on acquisition of subsidiaries	-147	-314	0	0
Impairment losses	0	0	0	0
Amortisation for the year	-16.784	-32.888	0	-18.769
Impairm. loss and amortisation on assets sold	-16.568	11.761	0	875
Impairment losses and amortisation at 31 Dec.	<u>-144.624</u>	<u>-134.553</u>	<u>0</u>	<u>-196.130</u>
Carrying amount at 31 December	<u>103.328</u>	<u>99.278</u>	<u>25.193</u>	<u>173.076</u>
Amortised over	3-20 years	<u>3-5 years</u>		<u>10-20 years</u>

Management is of the opinion that the chosen depreciation 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 2022	1.512.497	3.127.282	367.293	428.643
Transferred to assets held for sale	-19.800	-35.800	-200	-11.800
Hyperinflation restatement	49.200	73.000	11.400	1.300
Exchange adjustment, beg.	-30.363	-69.405	-19.519	2.777
Transfer	80.359	0	25.753	-69.168
Additions during the year	114.163	416.445	168.700	120.614
Disposals during the year	-91.647	-295.795	-69.435	-357.698
Cost at 31 December 2022	<u>1.614.409</u>	<u>3.215.727</u>	<u>483.992</u>	<u>114.668</u>
Impairment losses and depreciation at 1 January 2022	-656.053	-2.139.739	-274.287	0
Transferred to assets held for sale	1.500	2.800	100	0
Hyperinflation restatement	-8.200	-31.600	-4.600	0
Exchange adjustment	7.025	39.318	14.650	0
Transfer	56.105	0	-11.393	0
Additions on acquisition of subsidiaries	0	0	316	0
Impairment losses	0	-77.600	0	0
Depreciation for the year	-80.998	-144.415	-40.054	0
Impairment losses and depreciation on assets sold	39.169	286.683	57.173	0
Impairment losses and depreciation at 31. december 2022	<u>-641.452</u>	<u>-2.064.553</u>	<u>-258.095</u>	<u>0</u>
Carrying amount at 31. december 2022	<u>972.957</u>	<u>1.151.174</u>	<u>225.897</u>	<u>114.668</u>
Leased assets are included with the amount of			<u>112.500</u>	
Depreciated over	<u>10-50 years</u>	<u>5-10 years</u>	<u>3-10 years</u>	

## Notes to the Consolidated Annual Report

### 13 Property, plant and equipment (continued)

	Investment property
	DKK '000
Cost at 1 January 2022	545.984
Exchange adjustment, beg.	-61
Transfer	49.950
Additions during the year	7.565
	<hr/>
Cost at 31 December 2022	603.438
	<hr/>
Fair value evaluation at 1. January 2022	588.564
Exchange adjustment, beg.	0
Transfer	-85.561
Fair value evaluation adjustment	8.000
Fair value evaluation for the year	7.015
	<hr/>
Fair value evaluation at 31. December 2022	518.018
	<hr/>
Carrying amount at 31 December	1.121.456

#### Sensitivity in determination of fair value of investment properties

In assessing the fair market value at 31 December, 2022 the required rate of return has been determined individually for each property. The properties have been valued on the basis of a required rate of return between 4,25% and 9,00%. Market and rental income have been taken into account in connection with the valuation of the Group's properties.

The average required rate of return is determined at 4,95%.

Changes in estimated required rate of return for investment properties will affect the value of investment properties recognised in the balance sheet as well as value adjustments carried in the income statement.

Changes in average required rate of return	-0,50%	Basis	0,50%
Rate of return	4,45%	4,95%	5,45%
Fair value	1.222.254	1.121.456	998.014
Change in fair value	100.798	0	-123.442

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
14 Investments in associates		
Cost at 1 January	10.221	32.524
Additions during the year	0	5.717
Disposals during the year	0	-28.020
Cost at 31 December	<u>10.221</u>	<u>10.221</u>
Valuation adjustments at 1 January	35.415	32.616
Exchange adjustment, beginning of year	299	1
Net profit/loss for the year	2.082	7.350
Impairment losses and depreciation, disposals	-1.000	-4.552
Revaluations at 31 December	<u>36.796</u>	<u>35.415</u>
Carrying amount at 31 December	<u>47.017</u>	<u>45.636</u>

### Specification of investments in associates:

Name:	Registered office	Share of ownership and votes
K/S Generatorvej 4	Odense	50%
DanFiber A/S	Allerød	32%
Ovotrack BV	Netherlands	50%

## Notes to the Consolidated Annual Report

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
15 Other fixed asset investments		
Cost at 1 January	40.848	40.450
Exchange adjustment, beginning of year	1.037	-646
Additions during the year	970	2.740
Disposals during the year	-12.783	-1.696
Cost at 31 December	<u>30.072</u>	<u>40.848</u>
Valuation adjustments at 1 January	1.914	-816
Net profit/loss for the year	0	0
Other adjustment for the year	-10.364	2.730
Revaluations at 31 December	<u>-8.450</u>	<u>1.914</u>
Carrying amount at 31 December	<u>21.622</u>	<u>42.762</u>
16 Inventories		
Raw materials and consumables	391.843	444.570
Work in progress	57.734	74.976
Finished goods and goods for resale	1.595.612	940.275
Prepayments	10.451	10.748
	<u>2.055.640</u>	<u>1.470.569</u>

## Notes to the Consolidated Annual Report

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
17 Provision for deferred tax		
Provision for deferred tax at 1 January	143.929	95.192
Foreign exchange adjustment	-2.890	0
Transferred to liabilities related to assets held for sale	-8.300	0
Amounts recognized in the income statement for the year	12.217	11.592
Adjustment previous years	-9.456	0
Amounts recognised in equity for the year	4.979	37.145
Provision for deferred tax at 31 December	<u>140.479</u>	<u>143.929</u>
Deferred tax asset	-127.628	-92.155
Provision for deferred tax	<u>268.107</u>	<u>236.084</u>
Provision for deferred tax at 31 December	<u>140.479</u>	<u>143.929</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.

	<u>2022</u>	<u>2021</u>
18 Prepayments		
Prepayments at 1 January	138.465	72.644
Amounts for the year	3.546	65.821
Prepayments at 31 December	<u>142.011</u>	<u>138.465</u>

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

19 Pension obligations		
Pension obligations at 1 January	9.600	35.200
Amounts for the year	10.700	-25.600
Pension obligations at 31 December	<u>20.300</u>	<u>9.600</u>

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.

## Notes to the Consolidated Annual Report

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
20 Other provisions		
Other provisions at 1 January	104.466	175.309
Amounts for the year	30.737	-70.843
Other provisions at 31 December	<u>135.203</u>	<u>104.466</u>

Other provisions comprise obligations concerning warranty commitments and legal disputes.

21 Debt
Payments falling due within one year are stated under short-term debt.
Other debt is recognised in long-term debt.

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
22 Mortgage loans		
After 5 years	238.701	222.129
Between 1 and 5 years	82.248	84.752
Long-term part	<u>320.949</u>	<u>306.881</u>
Within 1 year	20.221	21.164
	<u>341.170</u>	<u>328.045</u>
23 Credit institutions		
After 5 years	0	1.472
Between 1 and 5 years	1.055.234	1.049.430
Long-term part	<u>1.055.234</u>	<u>1.050.902</u>
Within 1 year	1.344.945	1.134.665
	<u>2.400.179</u>	<u>2.185.567</u>

## Notes to the Consolidated Annual Report

	2022 <u>DKK '000</u>	2021 <u>DKK '000</u>
24	Lease liabilities	
	66.521	0
	38.501	0
	<u>105.022</u>	<u>0</u>
	7.077	0
	<u>112.099</u>	<u>0</u>
25	Other payables	
	9.181	0
	18.531	26.869
	<u>27.712</u>	<u>26.869</u>
	780.890	604.121
	<u>808.602</u>	<u>630.990</u>
26	Deferred income	
	Deferred income consists of prepayments received from customers.	
27	Proposed distribution of profit	
	20.000	20.000
	5.267	31.398
	276.887	767.121
	<u>302.154</u>	<u>818.519</u>

## 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 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	(300)
EUR/HUF	1.700
GBP/DKK	3.800
PLN/DKK	(1.800)
USD/CAD	(4.700)
DKK/USD	4.393
USD/DKK	(12.276)

The fair value of forward exchange contracts is included in other receivables, with a value of positive DKK 9,893k.

The fair value of forward exchange contracts is included in other payables, with a value of negative DKK 19,076k.

The contracts have a maturity within 1 year:	(1.307)
The contracts have a maturity within 1-5 years:	(7.876)

Other financial instruments:

Interest cap. EUR	8.400
Energy contracts	(8.500)

## 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 356 million in property valued at 566 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 181 million. Maximum period of non-terminability is 96 months.

Short term T/C hire obligations of the shipping group amount to DKK 222 million.

#### 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 pÅ until December 2022 not claimed by the tax authorities is estimated to BRL 12 million leading to a total estimated claim of BRL 68 million, corresponding to DKK 90 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 2022. A lengthy process is expected before the case will be finally settled. No provision has been recognized.

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	60%
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	88%
Taiyo Foods Tianjin Ltd	China	88%
Guangdong Ovodan Foods	China	88%
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	68%
Hartmann Canada Inc.	Canada	68%
Hartmann Dominion Inc.	Canada	68%
Hartmann d.o.o.	Serbia	68%
Hartmann Finance A/S	Denmark	68%
Hartmann France S.a.r.l.,	Denmark	68%
Hartmann Hungary Kft.	Hungary	68%
Hartmann Italiana S.r.l.	Italy	68%
Hartmann Mai Ltd.	Israel	68%
Hartmann Papirna Ambalaza d.o.o.	Croatia	68%
Hartmann Polska Sp.z.o.o.	Poland	68%
Hartmann (UK) Ltd.	UK	68%
Hartmann USA Inc.	USA	68%
Hartmann US Inc.	USA	68%
JSC Hartmann-Rus	Russia	68%
OOO EKU Holding	Russia	68%
Mohan Paper Mouldings Private Ltd.	India	68%
Mohan Fibre Products Ltd.	India	68%
Hartmann Verpackung AG	Switzerland	68%
Molarsa Chile SPA	Chile	68%
Moldeados Argentinos S.A.I.C.M.	Argentina	68%
Projects A/S	Denmark	68%
Sanovo Greenpack Argentina S.A.	Argentina	68%
Sanovo Greenpack Embalagens do Brasil Ltda	Brazil	68%
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:	<u>Registered office</u>	<u>Share of ownership and votes</u>
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%
Akbulut Tekstil Sanayi Ve Ticaret S.S.	Turkey	75%
hummel Iberical Sport & Fashion	Spain	51%
Performance Group Scandinavia A/S	Denmark	100%
Markon A/S	Denmark	51%
hummel India Private Ltd.	India	100%
hummel North America, Inc.	USA	100%
Cella Logistik GmbH	Germany	100%
Bee Sport GmbH	Germany	100%
hummel Cenozoic ApS	Denmark	100%
hummel Distribution Center ApS	Denmark	100%
hummel Sport and Leisure CH GmbH	Switzerland	100%
Havnegade Capital Aps	Denmark	100%
Thorco Projects A/S	Denmark	100%
Thorco Capital III ApS	Denmark	100%
Thorco Projects America	USA	75%
Thorco Projects USA Inc.	USA	100%
Thorco Shipping Germany GmbH	Germany	60%
Thorco Shipping Brazil	Brazil	60%
TS Lease Corp Ltd.	Panama	100%
Cargo Captains A/S	Denmark	100%
Thorco Svendborg ApS	Denmark	100%
Thorco Galaxy Aps	Denmark	100%
Thorco Africa Holding A/S	Denmark	100%
Komplementaranpartsselskabet Thor Ship II	Denmark	100%
Komplementaranpartsselskabet Thor Ship III	Denmark	100%
Thorco Projects Singapore Pte. LTD.	Singapore	100%

## Notes to the Consolidated Annual Report

### 31 Related parties and ownership

Controlling interest  
Christian Nicholas Rosenkrantz Stadil, non-public address  
Christian Nicholas Rosenkrantz Stadil, non-public address

Basis  

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Controlling shareholder  
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.

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
32 Cash flow statement - adjustments		
Financial income	-111.727	-210.050
Financial expenses	293.978	170.489
Depreciation and impairment losses, incl. gain and loss on sale	441.861	338.547
Fair value evaluation of investment property	-7.015	-70.910
Income on investments in associates	-2.082	-7.350
Income tax in income statement	143.430	184.264
	<u>758.445</u>	<u>404.990</u>
33 Cash flow statement - change of working capital		
Change in inventories	-585.071	-191.057
Change in receivables	-154.544	-396.454
Change in other provisions	41.437	-101.141
Exchange regulation, equity	-28.063	112.160
Change in suppliers etc	292.497	156.621
	<u>-433.744</u>	<u>-419.871</u>

## Parent Company Income Statement 1 January - 31 December

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Other external expenses		-281.948	-98.300
Profit/loss before financial income and expenses		<u>-281.948</u>	<u>-98.300</u>
Income from investments in group enterprises	2	298.920.728	798.184.395
Financial income	3	0	317.886
Financial expenses	4	-2.049.959	-481.904
Profit/loss before tax		<u>296.588.821</u>	<u>797.922.077</u>
Tax on profit/loss for the year, income	5	296.929	1.481.153
Net profit/loss for the year	6	<u>296.885.750</u>	<u>799.403.230</u>

## Parent Company Balance Sheet at 31 December

### Assets

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Investments in group enterprises	2	3.555.749.967	3.164.104.110
Fixed asset investments		<u>3.555.749.967</u>	<u>3.164.104.110</u>
Fixed assets		<u>3.555.749.967</u>	<u>3.164.104.110</u>
Receivables from group enterprises		7.155.257	0
Receivable corporation tax		76.545.145	112.123.710
Receivables		<u>83.700.402</u>	<u>112.123.710</u>
Cash and cash equivalents		<u>21.933</u>	<u>4.443</u>
Current assets		<u>83.722.335</u>	<u>112.128.153</u>
Assets		<u>3.639.472.302</u>	<u>3.276.232.263</u>

## Parent Company Balance Sheet at 31 December

### Liabilities and equity

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
Share capital		5.000.000	5.000.000
Reserve for revaluation under the equity method		2.337.572.179	1.945.926.322
Retained earnings		1.222.697.201	1.224.732.179
Proposed dividend for the year		20.000.000	20.000.000
Equity		<u>3.585.269.380</u>	<u>3.195.658.501</u>
Payable to group enterprises		0	39.643.577
Other payables		54.202.922	40.930.185
Short-term debt		<u>54.202.922</u>	<u>80.573.762</u>
Debt		<u>54.202.922</u>	<u>80.573.762</u>
Liabilities and equity		<u>3.639.472.302</u>	<u>3.276.232.263</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 dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2022	5.000.000	1.945.926.322	1.224.732.179	20.000.000	3.195.658.501
Dividends paid	0	0	0	(20.000.000)	(20.000.000)
Exchange adjustments, foreign enterprises	0	85.157.310	0	0	85.157.310
Dividends received	0	(20.000.000)	20.000.000	0	0
Net profit/loss for the year	0	298.920.728	(22.034.978)	20.000.000	296.885.750
Equity 31. December 2022	5.000.000	2.337.572.179	1.222.697.201	20.000.000	3.585.269.380

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</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
Cost at 31 December	<u>1.218.177.788</u>	<u>1.218.177.788</u>
Revaluation at 1 January	1.945.926.322	1.090.842.520
Net profit/loss for the year after tax	298.920.728	798.184.395
Exchange	85.157.310	76.899.407
Dividend	-20.000.000	-20.000.000
Other equity transactions	27.567.819	0
Revaluation at 31 December	<u>2.337.572.179</u>	<u>1.945.926.322</u>
Carrying amount at 31 December	<u>3.555.749.967</u>	<u>3.164.104.110</u>

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
2 Investments in group enterprises (continued)		
The carrying amount is specified as follows in the balance sheet:		
Fixed asset investments	3.555.749.967	3.164.104.110
	<u>3.555.749.967</u>	<u>3.164.104.110</u>
The carrying amount at 31 December is specified as follows:		
Carrying amount at 1 January	3.164.104.110	2.309.020.308
Net profit/loss for the year after tax	298.920.728	798.184.395
Distribution of dividend	-20.000.000	-20.000.000
Other equity transactions	27.567.819	0
Exchange adjustments	85.157.310	76.899.407
Carrying amount at 31 December	<u>3.555.749.967</u>	<u>3.164.104.110</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>2022</u>	<u>2021</u>
3 Financial income		
Interest income, group enterprises	0	317.886
	<u>0</u>	<u>317.886</u>
4 Financial expenses		
Interest costs, group enterprises	-1.369.513	0
Interest, others	-679.163	-480.715
Interest, bank	-283	-189
Interest, sundry	-1.000	-1.000
	<u>-2.049.959</u>	<u>-481.904</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	-176.216	1.423.443
Tax on taxable income, Parent	473.145	57.710
	<u>296.929</u>	<u>1.481.153</u>

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</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	298.920.728	798.184.395
Retained earnings	-22.034.978	-18.781.165
	<u>296.885.750</u>	<u>799.403.230</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.