

**Thornico Food &  
Food Technology Group A/S**  
Havnegade 36, DK-5000 Odense

**Annual Report for 2022**

CVR No 37 75 09 13

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 12 May 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 Food & Food Technology Group 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, 12 May 2023

## Executive Board

Christian Nicholas  
Rosenkrantz Stadil

## Supervisory Board

Thor Stadil

Ronald Lambertus Maria  
Bouwens

Christian Nicholas  
Rosenkrantz Stadil

# Independent Auditor's Report

To the Shareholders of Thornico Food & Food Technology Group A/S

## Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Thornico Food & Food Technology Group 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, 12 May 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 Food & Food Technology Group A/S  
Havnegade 36  
DK-5000 Odense C

Telephone: +45 65 48 02 00

CVR No: 37 75 09 13

Financial period: 1 January - 31 December

Municipality of reg. office: Odense

### Supervisory Board

Thor Stadil  
Christian Nicholas Rosenkrantz Stadil  
Ronald Lambertus Maria Bouwens

### Executive Board

Christian Nicholas Rosenkrantz Stadil

### Auditors

Deloitte  
Statsautoriseret Revisionspartnerselskab  
Tværkajen 5  
5100 Odense C

### Consolidated financial statements

The company is included in the group annual report of the Parent Company Thornico A/S, CVR No. 15960205, Denmark, (smallest group) and of Thornico Holding A/S, CVR No. 35258000, Denmark (largest group).

# Group Chart

# THORNICO

## FOOD & FOOD TECHNOLOGY



### FOOD

CONTROLLING INTEREST

Egg and cheese processing, trading and biotech



### FOOD TECHNOLOGY

CONTROLLING INTEREST

Food processing machinery and meditech



### PACKAGING

CONTROLLING INTEREST

Egg and fruit packaging solutions



\* 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	6.758.146	5.539.788	4.895.663	4.951.500	4.516.632
Gross profit	2.081.360	1.799.265	1.878.046	1.677.239	1.504.539
EBITDA	856.670	693.797	861.823	659.095	557.105
Profit/loss before financial income and expenses (EBIT)					
	477.709	345.193	633.304	448.822	357.051
Net financials	-46.156	49.148	-125.903	-21.538	-20.203
Net profit/loss for the year	210.510	298.273	366.864	327.569	242.259
Balance sheet					
Balance sheet total	5.866.309	5.288.689	4.521.876	3.974.637	3.670.600
Equity	2.571.928	2.387.542	1.961.036	1.777.464	1.559.976
Investment in property, plant and equipment, including new subsidiaries					
	267.789	651.316	502.968	378.378	310.423
Cash flows					
Cash flows from:					
- operating activities	597.286	568.852	571.101	461.988	735.466
- investing activities	-299.615	-651.072	-677.569	-370.969	-272.111
- financing activities	-111.517	187.495	240.256	-86.815	-472.285
Changes for the year in cash and cash equivalents	196.454	99.775	133.788	4.204	-8.930
Number of employees	3.892	3.863	3.368	3.214	3.203

## Financial Highlights of the Group

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Ratios					
Gross margin	30,8%	32,5%	38,4%	33,9%	33,3%
Profit margin	7,1%	6,2%	12,9%	9,1%	7,9%
Return on assets	8,1%	6,5%	14,0%	11,3%	9,7%
Solvency ratio	43,8%	45,1%	43,4%	44,7%	42,5%
Return on equity	8,2%	12,5%	18,7%	18,4%	15,5%

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 in global markets, primarily via wholly owned subsidiaries.

The parent company's activities comprise investments in subsidiaries and real estate.

## **Development in activities and finance**

The Annual Report for the Group shows consolidated sales of DKK 6,758m. Consolidated EBIT is DKK 486m which, in view of this year's drastic increases in raw material and energy prices, is considered reasonably satisfactory.

All verticals of the Group showed positive results for the year on continuing business. Impairment loss recognition on non-current assets in South America influenced the results negatively by DKK 78m, and loss recognition on discontinued operations in Russia influenced the results negatively by DKK 117m.

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

At the date of the Annual Report for 2021, Management expected results for 2022 at the same level as realised for 2021. The realised EBIT for 2022 was higher than expected while net results were significantly lower than realised for 2021. This was due to loss on discontinued operations as mentioned above.

## **Expected development**

Management expect activity level and results for 2023 at the same level as realised for 2022, before results from discontinued operations.

## **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 activities. This is done in accordance with the foreign exchange policy for these activities. For the activities within food ingredients and food technology, 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.

### **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 have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

### **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 Food & Food Technology Group 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 accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Parent Company and the consolidated Financial Statements for 2022 are presented in DKK thousands.

## 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 Food & Food Technology Group 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.

### **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. 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.

### **Fair value evaluation of investment property**

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

### **Amortisation, depreciation and impairment losses**

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

### **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:

Property: 10-50 years

Plant 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.

**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	6.758.146	5.539.788
Other income on operations	3	82.610	6.380
Expenses for raw materials and consumables		-3.844.505	-2.925.455
Other external expenses	4	-914.891	-821.448
		2.081.360	1.799.265
Gross profit			
Staff expenses	5	-1.224.690	-1.105.468
		856.670	693.797
EBITDA			
Fair value evaluation of investment property	13	25.943	0
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	6	-404.904	-348.604
		477.709	345.193
Profit before financial income and expenses			
Income from investments in associates after tax	7	459	307
Financial income	8	75.956	107.486
Financial expenses	9	-122.571	-58.645
		431.553	394.341
Profit before tax			
Tax on profit/loss for the year	10	-129.943	-95.968
		301.610	298.373
Profit from continuing operations			
Result from discontinuing operations	11	-91.100	-100
		210.510	298.273
Net profit for the year			

## Consolidated Balance Sheet at 31 December

### Assets

	Note	2022 DKK '000	2021 DKK '000
Acquired rights	12	95.519	124.085
Completed development projects	12	81.359	84.351
Development projects in progress	12	25.193	0
Goodwill	12	122.547	186.258
		324.618	394.694
Intangible assets			
Land and buildings	13	789.371	825.284
Investment properties	13	41.535	0
Plant and machinery	13	1.150.505	986.836
Other fixtures, fittings, tools and equipment	13	58.373	69.263
Property, plant and equipment in progress	13	114.669	359.478
		2.154.453	2.240.861
Property, plant and equipment			
Investments in associates	14	11.653	10.895
Other fixed asset investments	15	10.163	15.685
		21.816	26.580
Fixed asset investments			
Fixed assets		2.500.887	2.662.135

## Consolidated Balance Sheet at 31 December

### Assets

	Note	2022 DKK '000	2021 DKK '000
Inventories	16	1.062.315	835.845
Trade receivables		1.044.194	912.487
Receivables from group companies		5.916	20.472
Receivables from associates		0	3.813
Receivable corporation tax		29.940	38.543
Deferred tax assets	17	95.965	77.593
Other receivables		302.657	217.995
Prepayments	18	73.979	40.381
Receivables		1.552.651	1.311.284
Cash and cash equivalents		658.956	479.425
Current assets		3.273.922	2.626.554
Assets held for sale	11	91.500	0
Assets		5.866.309	5.288.689

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Share capital		59.900	59.900
Hedging reserve		-5.542	-7.754
Revaluation reserve		6.240	0
Translation reserve		78.740	17.825
Retained earnings		1.896.584	1.789.714
Proposed dividend for the year		100.000	100.000
		<hr/>	<hr/>
Equity excl. minority interests		2.135.922	1.959.685
Minority interests		436.006	427.857
		<hr/>	<hr/>
Equity		2.571.928	2.387.542
		<hr/>	<hr/>
Provision for deferred tax	17	94.977	64.673
Pension obligations	19	20.300	9.600
Other provisions	20	8.414	27.413
		<hr/>	<hr/>
Provisions		123.691	101.686
		<hr/>	<hr/>

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

	Note	2022 DKK '000	2021 DKK '000
Mortgage debt	22	193.784	202.235
Credit institutions	23	843.689	842.745
Other payables	24	16.719	18.513
Long-term debt	21	1.054.192	1.063.493
Mortgage debt	22	12.248	14.296
Credit institutions	23	666.924	668.886
Trade payables		630.354	509.537
Payables to group companies		138.941	980
Payables to associates		16.764	18.871
Corporation tax		63.723	56.215
Other payables	24	569.144	467.183
Short-term debt		2.098.098	1.735.968
Debt		3.152.290	2.799.461
Liabilities and equity		5.847.909	1.969.285
Liabilities related to assets held for sale	11	18.400	0
Liabilities and equity		5.866.309	5.288.689
Proposed distribution of profit	25		
Financial instruments	26		
Contingent liabilities and other financial obligations	27		
Related parties and ownership	29		

## 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 1 January 2022	59.900	(7.754)	0	17.825	1.789.714	100.000	1.959.685	427.857	2.387.542
Net profit/loss for the year	0	0	0	0	113.346	100.000	213.346	-2.836	210.510
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	10.712	0	0	10.712	-10.578	134
Hyperinflation restatement at 1.1.	0	0	0	50.760	0	0	50.760	22.140	72.900
Value adjustment of hedging instruments	0	3.737	0	0	0	0	3.737	2.490	6.227
Tax on equity adjustments	0	-1.524	-1.760	-557	2.019	0	-1.822	395	(1.427)
Dividend paid	0	0	0	0	0	(100.000)	-100.000	0	(100.000)
Equity at 31 December 2022	59.900	-5.542	6.240	78.740	1.896.584	100.000	2.135.922	436.006	2.571.686

## Consolidated Cash Flow Statement

	Note	2022 DKK '000	2021 DKK '000
Net profit/loss for the year		301.610	299.173
Adjustments	31	576.503	394.924
Change in working capital	32	-149.429	-46.081
Cash flows from operating activities before financial income and expenses		<u>728.684</u>	<u>648.016</u>
Financial income		80.456	107.586
Financial expenses		-122.571	-57.645
Income taxes paid/received		-89.283	-129.105
Cash flows from operating activities		<u>597.286</u>	<u>568.852</u>
Purchase of intangible assets		-74.480	-70.292
Purchase of property, plant and equipment		-267.789	-507.986
Acquisition of subsidiaries		0	-129.130
Sale of property, plant and equipment		42.654	56.336
Cash flows from investing activities		<u>-299.615</u>	<u>-651.072</u>

## Consolidated Cash Flow Statement

	<u>Note</u>	<u>2022</u> DKK '000	<u>2021</u> DKK '000
Raising/repayment of mortgage loans		-10.499	9.448
Raising/repayment of loans from credit institutions		(1.018)	228.047
Dividends paid		-100.000	-50.000
		<hr/>	<hr/>
Cash flows from financing activities		-111.517	187.495
		<hr/>	<hr/>
Cash flows from continuing operations		186.154	105.275
Cash flows from discontinuing operations	11	10.300	(5.500)
		<hr/>	<hr/>
Total cash flows		196.454	99.775
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		479.425	353.971
Exchange adjustments, beginning of year		12.480	25.679
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		688.359	479.425
		<hr/>	<hr/>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		658.956	479.425
		<hr/>	<hr/>
Cash and cash equivalents at 31 December		658.956	479.425
		<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	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
<b>Total revenue 2022</b>	<b>2.967.341</b>	<b>1.555.909</b>	<b>1.932.636</b>	<b>302.260</b>	<b>6.758.146</b>

### 3 Other income on operations

	2022 DKK '000	2021 DKK '000
COVID-19 compensation, fixed costs	125	0
COVID-19 compensation, salaries	424	6.380
Rent income - External	328	0
Rent income - Group	33	0
Payment from insurance	73.500	0
Other operating income	8.200	0
	<b>82.610</b>	<b>6.380</b>

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
4		
Fee to shareholder appointed auditor		
Fee to Deloitte		
Statutory audit	2.037	4.726
Tax and VAT related services	267	40
Other services	425	664
	<u>2.729</u>	<u>5.430</u>
Fee to other auditors		
Statutory audit	4.337	591
Other services	100	0
	<u>4.437</u>	<u>591</u>
Total fee to auditors		
Statutory audit	6.374	5.317
Tax and VAT related services	267	40
Other services	525	664
	<u>7.166</u>	<u>6.021</u>
5		
Staff expenses		
Salaries	-1.060.063	-955.210
Pensions	-84.034	-82.392
Other social security expenses	-80.593	-67.866
	<u>-1.224.690</u>	<u>-1.105.468</u>
Management is employed in the parent company and a management fee is paid to the parent company for this service.		
Average number of employees	<u>3.892</u>	<u>3.863</u>

## Notes to the Consolidated Annual Report

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
6	Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	
	Intangible assets	-52.932      -55.811
	Buildings, Plant and machinery	-244.050      -220.738
	Impairment losses	-77.600      -73.600
	Profit/loss on disposals of the year	-30.322      1.545
	-404.904	-348.604
7	Income from investments in associates	
	Share of profit in associates	459      307
	459	307
8	Financial income	
	Exchange adjustments	64.762      96.458
	Financial income, Group	5.723      5.289
	Other financial income	5.471      5.739
	75.956	107.486
9	Financial expenses	
	Exchange adjustments	-62.011      -22.270
	Other financial expenses	-60.560      -36.375
	-122.571	-58.645
10	Tax on profit/loss for the year	
	Current tax for the year	-104.009      -107.859
	Deferred tax for the year	-24.549      15.247
	Adjustment concerning previous years	-1.385      -3.256
	-129.943	-95.868

## Notes to the Consolidated Annual Report

### 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.

	<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>

## Notes to the Consolidated Annual Report

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

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>Balance sheet</u>	<u>2022</u> DKK '000
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>

In 2022 the investment in the Russian business unit of originally DKK 101,9 million was written down to its net realisable value, DKK 45.3 million, as a result of the political situation and sanctions on the back of the Russian invasion of Ukraine.

## Notes to the Consolidated Annual Report

	Acquired rights	Completed development projects	Development projects in progress	Goodwill
	DKK '000	DKK '000	DKK '000	DKK '000
12 Intangible assets				
Cost at 1 January	194.223	168.288	0	300.905
Transferred to assets held for sale	-18.200	0	0	-52.000
Exchange adjustment	4.654	0	0	2.746
Transfer	30.893	0	0	29.403
Additions on acquisition of subsidiaries	0	0	0	4.694
Additions for the year	27.464	21.823	25.193	0
Disposals for the year	-37.105	-1.555	0	0
Cost at 31 December	<u>201.929</u>	<u>188.556</u>	<u>25.193</u>	<u>285.748</u>
Impairment losses and amortisation at 1 January	-70.138	-83.937	0	-114.647
Transferred to assets held for sale	1.700	0	0	0
Exchange adjustment	-5.859	0	0	-4.500
Transfer	-30.893	0	0	-30.160
Amortisation for the year	-15.545	-23.493	0	-13.894
Impairment losses and amortisation on assets sold	14.325	233	0	0
Impairment losses and amortisation at 31 December	<u>-106.410</u>	<u>-107.197</u>	<u>0</u>	<u>-163.201</u>
Carrying amount at 31 December	<u>95.519</u>	<u>81.359</u>	<u>25.193</u>	<u>122.547</u>
Amortised over	<u>3-20 years</u>	<u>3-5 years</u>	<u>0 years</u>	<u>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	1.468.582	3.123.869	269.173	359.478
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	-36.772	-67.736	-6.758	1.477
Additions during the year	58.985	414.776	18.139	120.614
Disposals during the year	-91.647	-295.795	-57.474	-356.400
Cost at 31 December 2022	<u>1.428.548</u>	<u>3.212.314</u>	<u>234.280</u>	<u>114.669</u>

## Notes to the Consolidated Annual Report

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

	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
Impairment losses and depreciation at 1 January 2022	-643.298	-2.137.136	-199.910	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	3.468	0
Transfer	43.350	0	0	0
Impairment losses	0	-77.600	0	0
Depreciation for the year	-78.723	-144.378	-20.949	0
Impairment losses and depreciation on assets sold	39.169	286.787	45.984	0
Impairment losses and depreciation at 31. december 2022	-639.177	-2.061.809	-175.907	0
Carrying amount at 31. december 2022	789.371	1.150.505	58.373	114.669
Leased assets are included with the amount of DKK 1 million.				
Depreciated over	10-50 years	5-10 years	3-8 years	

## Notes to the Consolidated Annual Report

13 Property, plant and equipment (continued)

	Investment property
	<u>DKK '000</u>
Cost at 1 January 2022	
Transfer	48.567
Additions during the year	2.375
Cost at 31 December 2022	<u>50.942</u>
Fair value evaluation at 1. January 2022	
Transfer	-43.350
Fair value evaluation for the year	25.943
Fair value evaluation adjustment	8.000
Fair value evaluation at 31. December 2022	<u>-9.407</u>
Carrying amount at 31 December	<u>41.535</u>

### 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 8,50% 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 8,75%.

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	8,25%	8,75%	9,25%
Fair value	44.081	41.535	39.268
Change in fair value	2.546	0	-2.267

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
14 Investments in associates		
Cost at 1 January	9.430	31.733
Net effect from merger and acquisition	0	-22.303
Cost at 31 December	9.430	9.430
Valuation adjustments at 1 January	1.465	1.158
Exchange adjustment, beginning of year	299	0
Net profit/loss for the year	459	307
Revaluations at 31 December	2.223	1.465
Carrying amount at 31 December	11.653	10.895

Specification of investments in associates:

Name:	Registered office	Share of ownership and votes
DanFiber A/S	Allerød, Denmark	32%
Ovo Track BV	Netherlands	50%

## Notes to the Consolidated Annual Report

	2022	2021	
	DKK '000	DKK '000	
15	Other fixed asset investments		
	Cost at 1 January	14.026	10.750
	Exchange adjustment	426	536
	Additions during the year	235	2.740
	Disposals during the year	-6.177	0
	Cost at 31 December	8.510	14.026
	Valuation adjustments at 1 January	1.659	1.659
	Net profit/loss for the year	-6	0
	Revaluations at 31 December	1.653	1.659
	Carrying amount at 31 December	10.163	15.685
16	Inventories		
	Raw materials and consumables	351.648	374.067
	Work in progress	57.734	66.526
	Finished goods and goods for resale	652.933	395.252
		1.062.315	835.845
17	Provision for deferred tax		
	Provision for deferred tax at 1 January	-12.920	-5.827
	Foreign exchange adjustment	-2.890	0
	Amounts recognized in the income statement for the year	24.549	-15.247
	Transferred to liabilities related to assets held for sale	-8.300	0
	Amounts recognised in equity for the year	-1.427	-22.340
	Provision for deferred tax at 31 December	-988	-12.920

## Notes to the Consolidated Annual Report

	2022	2021
	DKK '000	DKK '000
17 Provision for deferred tax (continued)		
Deferred tax asset	-95.965	-77.593
Provision for deferred tax	94.977	64.673
Provision for deferred tax at 31 December	<u>-988</u>	<u>-12.920</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.

	2022	2021
	DKK '000	DKK '000
18 Prepayments		
Prepayments at 1 January	40.381	39.926
Amounts for the year	33.598	455
Prepayments at 31 December	<u>73.979</u>	<u>40.381</u>
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.

20 Other provisions		
Other provisions at 1 January	27.413	20.968
Amounts for the year	-18.999	6.445
Other provisions at 31 December	<u>8.414</u>	<u>27.413</u>

Other provisions comprise obligations concerning warranty commitments.

## 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.

	2022	2021
	DKK '000	DKK '000
22 Mortgage loans		
After 5 years	143.646	144.978
Between 1 and 5 years	50.138	57.257
Long-term part	193.784	202.235
Within 1 year	12.248	14.296
	<u>206.032</u>	<u>216.531</u>
23 Credit institutions		
After 5 years	0	1.472
Between 1 and 5 years	843.689	841.273
Long-term part	843.689	842.745
Within 1 year	666.924	668.886
	<u>1.510.613</u>	<u>1.511.631</u>
24 Other payables		
After 5 years	9.181	0
Between 1 and 5 years	7.538	18.513
Long-term part	16.719	18.513
Within 1 year	569.144	467.183
	<u>585.863</u>	<u>485.696</u>
25 Proposed distribution of profit		
Proposed dividend for the year	100.000	100.000
Minority interests' share of net profit/loss of subsidiaries	-2.836	27.700
Retained earnings	113.346	159.775
	<u>210.510</u>	<u>287.475</u>

## Notes to the Consolidated Annual Report

### 26 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

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 6.800k.

Other financial instruments:

Interest cap. EUR	8.400
Energy contracts	(8.500)

The contracts have a maturity within 1-5 years.

Contingent liabilities and other financial obligations

### 27 Security

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

Mortgage deeds in the amount of DKK 185 million in property valued at 175 million.  
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.

Rental and lease obligations

Rental and lease obligations of the group amount to DKK 68 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 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 Food & Food Technology Group A/S and its Danish subsidiaries are 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

### 28 Subsidiaries

Specification of investments in subsidiaries:

Name:	Registered office	Share of ownership and votes
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 Asia SDN BHD	China	100%
Sanovo Technology Mexico S.A. DE C.V.	Mexico	100%
Sanovo Technology Biosecurity A/S	Denmark	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.	Kina	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 K/S	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 Ltd.	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%
Ovodan Germany ApS	Denmark	100%
Sanovo Pharmtech GmbH	Germany	100%
Ovodan Eiprodukte GmbH & Co. K.G.	Germany	100%
Investments in group enterprises (continued)		

## Notes to the Consolidated Annual Report

Specification of investments in subsidiaries:  
(continued)

	Registered office	Share of ownership and votes
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 Ltd.	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 EKV 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%

## Notes to the Consolidated Annual Report

	Related parties and ownership		
		Basis	
29	Controlling interest Thornico A/S, Odense Thornico Holding A/S, Odense Christian Nicholas Rosenkrantz Stadil, non-public address	Controlling shareholder Shareholder of 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.		
30	Group relations		
	Ovodan Eiprodukte GmbH & Co. KG, Zeven/Germany, which is a subsidiary of the company and fully consolidated in the consolidated financial statements, made use of the exemption pursuant to Section 264b of the German Commercial Code (HGB).		
		2022	2021
		DKK '000	DKK '000
31	Cash flow statement - adjustments		
	Financial income	-80.456	-107.886
	Financial expenses	122.571	58.645
	Depreciation and impairment losses, incl. gain and loss on sale	404.904	348.604
	Income on investments in associates	-459	-307
	Income tax in income statement	129.943	95.868
		<u>576.503</u>	<u>394.924</u>
32	Cash flow statement - change of working capital		
	Change in inventories	-226.470	-63.338
	Change in receivables	-231.598	-89.254
	Change in other provisions	-18.999	6.445
	Change in working capital, discontinued activities	-29.200	-4.700
	Change in suppliers etc	356.838	104.766
		<u>-149.429</u>	<u>-46.081</u>

## Parent Company Income Statement 1 January - 31 December

	Note	2022 DKK'000	2021 DKK'000
Revenue	1	27.083	25.949
Other external expenses		-3.366	-6.968
EBITDA		23.717	18.981
Fair value evaluation of investment property	4	12.577	0
Amortisation, depreciation and impairment of property and other tangible assets	3	-6.594	-7.172
Profit/loss before financial income and expenses		29.701	11.808
Income from investments in group enterprises	4	161.073	209.948
Financial income	5	43.881	68.977
Financial expenses	6	-5.290	-4.518
Profit/loss before tax		229.364	286.215
Tax on profit/loss for the year, income	7	-16.018	-15.639
Net profit/loss for the year		213.346	270.576

## Parent Company Balance Sheet at 31 December

### Assets

	Note	2022 DKK'000	2021 DKK'000
Land and buildings	8	135.771	147.157
Investment properties	8	27.745	0
Other tangible assets	8	345	345
		<hr/>	<hr/>
Tangible assets		163.861	147.502
		<hr/>	<hr/>
Investments in group enterprises	4	2.158.478	2.013.571
Receivables from group entities	9	153.145	110.069
Other fixed asset investments	11	526	547
		<hr/>	<hr/>
Fixed asset investments		2.312.149	2.124.187
		<hr/>	<hr/>
Fixed assets		2.476.010	2.271.689
		<hr/>	<hr/>
Receivables from group enterprises		89.129	93.349
Trade receivables		744	0
Prepayments		88	83
Other receivables		721	11.862
		<hr/>	<hr/>
Receivables		90.682	105.294
		<hr/>	<hr/>
Cash and cash equivalents		256.707	158.457
		<hr/>	<hr/>
Current assets		347.389	263.751
		<hr/>	<hr/>
Assets		2.823.400	2.535.440
		<hr/>	<hr/>

## Parent Company Balance Sheet at 31 December

### Liabilities and equity

	Note	2022 DKK'000	2021 DKK'000
Share capital		59.900	59.900
Revaluation reserve		6.240	0
Reserve for revaluation under the equity method		1.220.887	1.063.162
Retained earnings		748.895	736.623
Proposed dividend for the year		100.000	100.000
Equity		<u>2.135.922</u>	<u>1.959.685</u>
Provisions for deferred tax	10	6.243	1.011
Provisions		<u>6.243</u>	<u>1.011</u>
Mortgage debt		173.989	181.809
Long-term debt		<u>173.989</u>	<u>181.809</u>
Mortgage debt		8.339	10.787
Credit institutions		341.568	323.847
Payables to group companies		137.575	37.427
Payables to associates		2.594	3.012
Corporation tax		12.323	14.295
Other payables		4.847	3.569
Short-term debt		<u>507.246</u>	<u>392.935</u>
Debt		<u>681.235</u>	<u>574.744</u>
Liabilities and equity		<u>2.823.400</u>	<u>2.535.440</u>
Proposed distribution of profit	15		
Security/Continent liabilities	16		
Related parties and ownership	17		

## Statement of changes in Equity for Parent Company

	Share capital	Revaluation Reserve	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2021	59.900	0	1.063.162	736.623	100.000	1.959.685
Dividends paid	0	0	0	0	(100.000)	(100.000)
Exchange adjustments	0	0	56.652	0	0	56.652
Revaluations for the year	0	8.000	0	0	0	8.000
Tax of entries on equity	0	-1.760	0	0	0	(1.760)
Dividends received	0	0	-60.000	60.000	0	0
Net profit/loss for the year	0	0	161.073	(47.728)	100.000	213.345
Equity 31. December 2022	59.900	6.240	1.220.887	748.895	100.000	2.135.922

Notes to the Parent Company Annual Report

		2022	2021
		DKK '000	DKK '000
1	Revenue		
	<u>Business segments:</u>		
	<u>Geography:</u>		
	Rental income	27.083	25.949
		27.083	25.949
2	Staff		
	The company has no employees.		
	Management is employed in the parent company and a management fee is paid to the parent company for this service.		
3	Amortisation, depreciation and impairment of property and other tangible assets		
	Land and buildings	-6.594	-7.172
		-6.594	-7.172
4	Investments in group enterprises		
	Cost at 1 January	915.636	758.596
	Additions during the year	1.460	157.040
	Disposal during the year	0	0
	Cost at 31 December	917.096	915.636
	Revaluation at 1 January	1.063.201	773.921
	Net profit/loss for the year after tax	161.073	209.948
	Exchange	52.290	119.332
	Dividend	-60.000	-40.000
	Other equity transactions	4.322	0
	Revaluation at 31 December	1.220.886	1.063.201
	Carrying amount at 31 December	2.137.982	1.978.837
	The carrying amount is specified as follows in the balance sheet:		
	Fixed asset investments	2.158.478	2.013.571
	Set off against receivables	-20.497	-34.734
		2.137.982	1.978.837

Specification of investments in subsidiaries:

For a full list of subsidiaries including share of ownership and registered office, please refer to the group notes on page 43-44 in this annual report.

Notes to the Parent Company Annual Report

	2022	2021
	DKK '000	DKK '000
5	Financial income	
	10.464	15.461
	Interest income, group enterprises	
	26	157
	Guarantee commission	
	33.391	53.360
	Gain, foreign exchange	
	<u>43.881</u>	<u>68.977</u>
6	Financial expenses	
	-99	-149
	Interest, group enterprises	
	0	0
	Loss, foreign exchange	
	-5.192	-4.370
	Interest, bank	
	<u>-5.290</u>	<u>-4.518</u>
7	Tax on profit/loss for the year	
	Tax on profit/loss for the year is specified as follows:	
	-222	-785
	Adjustment conc. previous years	
	0	0
	Adjustment conc. previous years, deferred tax	
	-3.473	-559
	Provision for the year for deferred tax	
	-12.323	-14.295
	Tax on taxable income	
	<u>-16.018</u>	<u>-15.639</u>
	No corporation tax has been paid in the financial year.	

Notes to the Parent Company Annual Report

8 Tangible fixed assets

	Land and buildings	Investment properties	Oth. fixtures, fittings, tools and equipment
	DKK '000	DKK '000	DKK '000
Cost at 1 January 2022	281.736	0	345
Transfer	-31.683	31.683	0
Additions during the year	0	2.375	0
Cost at 31 December 2022	<u>250.053</u>	<u>34.058</u>	<u>345</u>
Impairment losses and depreciation at 1 January 2022	-134.579	0	0
Transfer	26.891	-26.891	0
Depreciation for the year	-6.594	0	0
Impairment losses and depreciation at 31. december 2022	<u>-114.282</u>	<u>-26.891</u>	<u>0</u>
Fair value evaluation at 1. January 2022	0	0	0
Fair value evaluation adjustment	0	8.000	0
Fair value evaluation for the year	0	12.577	0
Fair value evaluation at 31. December 2022	<u>0</u>	<u>20.577</u>	<u>0</u>
Carrying amount at 31. December 2022	<u>135.771</u>	<u>27.745</u>	<u>345</u>
Depreciated over	<u>10-50 years</u>		

Notes to the Parent Company Annual Report

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 for the property. The property has been valued on the basis of a required rate of return of 8,50%. Market and rental income have been taken into account in connection with the valuation of the company's property.

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	8,00%	8,50%	9,00%
Fair value	29.479	27.745	26.203
Change in fair value	1.734	0	-1.542

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
9 Receivables from group entities		
Cost at 1 January	110.069	111.450
Movements for the year	43.077	-1.381
Cost at 31 December	<u>153.145</u>	<u>110.069</u>
Carrying amount at 31. December	<u>153.145</u>	<u>110.069</u>

Notes to the Parent Company Annual Report

	2022	2021
	DKK '000	DKK '000
10 Provision for deferred tax		
Provision for deferred tax at 1 January	1.011	452
Amounts recognized in the income statement for the year	3.473	559
Amounts recognized via equity for the year	1.760	
Provision for deferred tax at 31 December	<u>6.244</u>	<u>1.011</u>
Deferred tax asset	0	0
Provision for deferred tax	6.244	1.011
Provision for deferred tax at 31 December	<u>6.244</u>	<u>1.011</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.

11 Other fixed asset investments		
Cost at 1 January	2.116	2.116
Cost at 31 December	<u>2.116</u>	<u>2.116</u>
Valuation adjustments at 1 January	-1.569	-1.723
Net profit/loss for the year	-22	154
Revaluations at 31 December	<u>-1.590</u>	<u>-1.569</u>
Carrying amount at 31 December	<u>526</u>	<u>547</u>

12 Debt

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

Other debt is recognised in long-term debt.

Notes to the Parent Company Annual Report

	<u>2022</u>	<u>2021</u>
	DKK '000	DKK '000
13 Mortgage loans		
After 5 years	138.322	138.936
Between 1 and 5 years	35.667	42.873
	<hr/>	<hr/>
Long-term part	173.989	181.809
Within 1 year	8.339	10.787
	<hr/>	<hr/>
	<u>182.327</u>	<u>192.595</u>
14 Credit institutions		
Between 1 and 5 years	0	0
	<hr/>	<hr/>
Long-term part	0	0
Within 1 year	341.568	323.847
	<hr/>	<hr/>
	<u>341.568</u>	<u>323.847</u>
15 Proposed distribution of profit		
Proposed dividend for the year	100.000	100.000
Reserve for net revaluation under the equity method	161.073	209.948
Retained earnings	-47.728	-39.372
	<hr/>	<hr/>
	<u>213.345</u>	<u>270.576</u>

Notes to the Parent Company Annual Report

16 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 285,035k.

Contingent liabilities in relation to jointly taxed income.

Thornico Food & Food Technology Group 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.

17 Related parties and ownership

	<u>Basis</u>
Controlling interest	
Thornico A/S, Odense	Controlling shareholder
Thornico Holding A/S, Odense	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.