

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

**Annual Report for 2023**

CVR No 37 75 09 13

The Annual Report was present-  
ed and adopted at the Annual  
General Meeting of the Company  
on

Thor Stadil  
Dirigent  
*Chairman*

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# Management's Statement on the Annual Report

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

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

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

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

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

Odense, 15 May 2024

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

In our opinion, the consolidated financial statements and the Parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2023 and of the results of their operations and the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's Responsibilities for the consolidated financial statements and parent financial statements

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

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

## **Auditor's Responsibilities for the Audit of the consolidated financial statements and parent financial statements**

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

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

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

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

**Statement on the management commentary**

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Odense, 15 May 2024

Deloitte  
Statsautoriseret Revisionspartnerselskab  
CVR No. 33 96 35 56

Gert Rasmussen  
State Authorised Public Accountant  
Identification No: mne35430

Abdul Wahab Ashraf  
State Authorised Public Accountant  
Identification No: mne46664

## Company Information

### The Company

Thornico 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).



## Financial Highlights of the Group

|   | 2023      | 2022      | 2021      | 2020      | 2019      |
|---|-----------|-----------|-----------|-----------|-----------|
|   | DKK '000  | DKK '000  | DKK '000  | DKK '000  | DKK '000  |
| Profit/loss   |           |           |           |           |           |
| Revenue   | 7.186.568 | 6.758.146 | 5.539.788 | 4.895.663 | 4.951.500 |
| Gross profit  | 2.407.924 | 2.081.360 | 1.799.265 | 1.878.046 | 1.677.239 |
| EBITDA  | 1.054.254 | 856.670   | 693.797   | 861.823   | 659.095   |
| Profit/loss before financial income and expenses (EBIT)                 |           |           |           |           |           |
|   | 669.685   | 477.709   | 345.193   | 633.304   | 448.822   |
| Net financials  | -102.055  | -46.156   | 49.148    | -125.903  | -21.538   |
| Net profit/loss for the year  | 324.390   | 210.510   | 298.273   | 366.864   | 327.569   |
| Balance sheet   |           |           |           |           |           |
| Balance sheet total   | 5.577.540 | 5.866.309 | 5.288.689 | 4.521.876 | 3.974.637 |
| Equity  | 2.043.649 | 2.571.928 | 2.387.542 | 1.961.036 | 1.777.464 |
| Investment in property, plant and equipment, including new subsidiaries |           |           |           |           |           |
|   | 371.687   | 267.789   | 651.316   | 502.968   | 378.378   |
| Cash flows  |           |           |           |           |           |
| Cash flows from:  |           |           |           |           |           |
| - operating activities  | 1.049.133 | 445.576   | 568.852   | 571.101   | 461.988   |
| - investing activities  | -416.102  | -299.615  | -651.072  | -677.569  | -370.969  |
| - financing activities  | -639.378  | 40.193    | 187.495   | 240.256   | -86.815   |
| Changes for the year in cash and cash equivalents                       |           |           |           |           |           |
|   | -17.347   | 196.454   | 99.775    | 133.788   | 4.204     |
| Number of employees   | 3.999     | 3.892     | 3.863     | 3.368     | 3.214     |

## Financial Highlights of the Group

|                  | 2023     | 2022     | 2021     | 2020     | 2019     |
|------------------|----------|----------|----------|----------|----------|
|                  | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Ratios           |          |          |          |          |          |
| Gross margin     | 33,5%    | 30,8%    | 32,5%    | 38,4%    | 33,9%    |
| Profit margin    | 9,3%     | 7,1%     | 6,2%     | 12,9%    | 9,1%     |
| Return on assets | 12,0%    | 8,1%     | 6,5%     | 14,0%    | 11,3%    |
| Solvency ratio   | 36,6%    | 43,8%    | 45,1%    | 43,4%    | 44,7%    |
| Return on equity | 15,9%    | 8,2%     | 12,5%    | 18,7%    | 18,4%    |

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 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 7,187m. Consolidated EBIT is DKK 667m which is considered satisfactory.

All verticals of the Group showed positive results for the year on continuing business. Impairment loss recognition on non-current assets in Asia influenced the results negatively by DKK 97m, and loss recognition on discontinued operations in Russia influenced the results negatively by DKK 44m.

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

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

At the date of the Annual Report for 2022, Management expected results for 2023 at the same level as realised for 2022. The realised EBIT and realised net results for 2023 were higher than expected, primarily due to increased sales.

## Expected development

Management expect activity level and results for 2024 at the same level as realised for 2023, 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 Data Ethics policy

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

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

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

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

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

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

|                            |      |
|----------------------------|------|
| Gender diversity status    | 2023 |
| <hr/>                      |      |
| Board of Directors         |      |
| Total Members              | 3    |
| Underrepresented share (%) | 0%   |
| Target (%)                 | 25%  |
| Target Year                | 2027 |

The group's board consist of 3 males, 2 of whom are owners and 1 independent member. The goal is to have a 1/3 (33%/66%) or 1/4 (25%/75%) split. The possibilities to reach the goal is either to exchange or add a member. As there was no change in the board in 2023 the goal hasn't been reached. The board expect that the goal will be reached before end of 2027.

Thornico Food & Food Technology Group A/S has no employees other than the Executive Board and therefore is not required to report on Other management levels.

# Accounting Policies

## Basis of Preparation

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

The accounting policies remain unchanged and are in accordance with the accounting policies applied in previous years. The Parent Company and the consolidated Financial Statements for 2023 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 are not restated.

#### Cash Flow Statement

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

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for

changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt.

#### Cash flows from investing activities

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

#### Cash flows from financing activities

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

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Consolidated Income Statement 1 January-31 December

|  | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|--|------|------------------|------------------|
| Revenue  | 2    | 7.186.568        | 6.758.146        |
| Other income on operations   | 3    | 3.370            | 82.610           |
| Expenses for raw materials and consumables   |      | -3.907.393       | -3.844.505       |
| Other external expenses  | 4    | -874.621         | -914.891         |
| Gross profit   |      | 2.407.924        | 2.081.360        |
| Staff expenses   | 5    | -1.353.670       | -1.224.690       |
| EBITDA   |      | 1.054.254        | 856.670          |
| Fair value evaluation of investment property   | 13   | 2.143            | 25.943           |
| Amortisation, depreciation and impairment of property, plant and equipment and intangible assets | 6    | -386.712         | -404.904         |
| Profit before financial income and expenses  |      | 669.685          | 477.709          |
| Income from investments in associates after tax  | 7    | 748              | 459              |
| Financial income   | 8    | 55.454           | 75.956           |
| Financial expenses   | 9    | -158.257         | -122.571         |
| Profit before tax  |      | 567.630          | 431.553          |
| Tax on profit/loss for the year  | 10   | -198.840         | -129.943         |
| Profit from continuing operations  |      | 368.790          | 301.610          |
| Result from discontinuing operations   | 11   | -44.400          | -91.100          |
| Net profit for the year  |      | 324.390          | 210.510          |

## Consolidated Balance Sheet at 31 December

### Assets

|   | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|---|------|------------------|------------------|
| Acquired rights                               | 12   | 80.591           | 95.519           |
| Completed development projects                | 12   | 93.376           | 81.359           |
| Development projects in progress              | 12   | 24.004           | 25.193           |
| Goodwill                                      | 12   | 73.133           | 122.547          |
| Intangible assets                             |      | 271.104          | 324.618          |
| Land and buildings                            | 13   | 751.500          | 789.371          |
| Investment properties                         | 13   | 47.282           | 41.535           |
| Plant and machinery                           | 13   | 1.122.736        | 1.150.505        |
| Other fixtures, fittings, tools and equipment | 13   | 55.628           | 58.373           |
| Property, plant and equipment in progress     | 13   | 197.319          | 114.669          |
| Property, plant and equipment                 |      | 2.174.465        | 2.154.453        |
| Investments in associates                     | 14   | 13.679           | 11.653           |
| Other fixed asset investments                 | 15   | 10.292           | 10.163           |
| Fixed asset investments                       |      | 23.971           | 21.816           |
| Fixed assets                                  |      | 2.469.540        | 2.500.887        |

## Consolidated Balance Sheet at 31 December

### Assets

|                                  | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|----------------------------------|------|------------------|------------------|
| Inventories                      | 16   | 1.073.221        | 1.062.315        |
| Trade receivable s               |      | 1.085.447        | 1.044.194        |
| Receivables from group companies |      | 6.388            | 5.916            |
| Receivables from associates      |      | 1.910            | 0                |
| Receivable corporation tax       |      | 13.400           | 29.940           |
| Deferred tax asset s             | 17   | 74.527           | 95.965           |
| Other receivables                |      | 178.345          | 302.657          |
| Prepayments                      | 18   | 85.435           | 73.979           |
| Receivables                      |      | <u>1.445.452</u> | <u>1.552.651</u> |
| Cash and cash equivalents        |      | <u>587.427</u>   | <u>658.956</u>   |
| Current assets                   |      | <u>3.106.100</u> | <u>3.273.922</u> |
| Assets held for sale             | 11   | <u>1.900</u>     | <u>91.500</u>    |
| Assets                           |      | <u>5.577.540</u> | <u>5.866.309</u> |

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

|                                 | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|---------------------------------|------|------------------|------------------|
| Share capital                   |      | 59.900           | 59.900           |
| Hedging reserve                 |      | -17.255          | -5.542           |
| Revaluation reserve             |      | 6.240            | 6.240            |
| Translation reserve             |      | -25.864          | 78.740           |
| Retained earnings               |      | 1.720.642        | 1.896.584        |
| Proposed dividend for the year  |      | 100.000          | 100.000          |
|                                 |      | <hr/>            | <hr/>            |
| Equity excl. minority interests |      | 1.843.664        | 2.135.922        |
| Minority interests              |      | 199.985          | 436.006          |
|                                 |      | <hr/>            | <hr/>            |
| Equity                          |      | <u>2.043.649</u> | <u>2.571.928</u> |
| Provision for deferred tax      | 17   | 91.270           | 94.977           |
| Pension obligations             | 19   | 20.100           | 20.300           |
| Other provisions                | 20   | 30.369           | 8.414            |
|                                 |      | <hr/>            | <hr/>            |
| Provisions                      |      | <u>141.739</u>   | <u>123.691</u>   |

## Consolidated Balance Sheet at 31 December

### Liabilities and equity

|  | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|--|------|------------------|------------------|
| Mortgage debt  | 22   | 188.287          | 193.784          |
| Credit institutions                                    | 23   | 766.800          | 843.689          |
| Other payables   | 24   | 9.777            | 16.719           |
|  |      |                  |                  |
| Long-term debt   | 21   | 964.864          | 1.054.192        |
|  |      |                  |                  |
| Mortgage debt  | 22   | 9.517            | 12.248           |
| Credit institutions                                    | 23   | 340.107          | 666.924          |
| Trade payables   |      | 607.949          | 630.354          |
| Payables to group companies                            |      | 608.395          | 138.941          |
| Payables to associates                                 |      | 10.369           | 16.764           |
| Corporation tax  |      | 75.009           | 63.723           |
| Other payables   | 24   | 775.942          | 569.144          |
|  |      |                  |                  |
| Short-term debt  |      | 2.427.288        | 2.098.098        |
|  |      |                  |                  |
| Debt   |      | 3.392.152        | 3.152.290        |
| Liabilities and equity                                 |      | 5.577.540        | 5.847.909        |
|  |      |                  |                  |
| Liabilities related to assets held for sale            | 11   | 0                | 18.400           |
| Liabilities and equity                                 |      | 5.577.540        | 5.866.309        |
|  |      |                  |                  |
| 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 2023                     | 59.900        | (5.542)         | 6.240               | 78.740              | 1.896.584         | 100.000                        | 2.135.922                       | 436.006            | 2.571.928 |
| Net profit/loss for the year                 | 0             | 0               | 0                   | 0                   | 175.146           | 100.000                        | 275.146                         | 49.244             | 324.390   |
| Actuarial gain/loss on defined benefit plans | 0             | 0               | 0                   | 0                   | (418)             | 0                              | -418                            | -182               | (600)     |
| Exchange adjustments, foreign enterprises    | 0             | 0               | 0                   | -144.989            | 0                 | 0                              | -144.989                        | -51.931            | (196.920) |
| Hyperinflation restatement                   | 0             | 0               | 0                   | 39.411              | 0                 | 0                              | 39.411                          | 17.189             | 56.600    |
| Value adjustment of hedging instruments      | 0             | -13.106         | 0                   | 0                   | 0                 | 0                              | -13.106                         | -4.221             | (17.327)  |
| Acquisitions of minority interests           | 0             | 0               | 0                   | 0                   | -350.809          | 0                              | -350.809                        | -360.035           | (710.844) |
| Capital increase, minority interests         | 0             | 0               | 0                   | 0                   | 0                 | 0                              | 0                               | 112.822            | 112.822   |
| Tax on equity adjustments                    | 0             | 1.393           | 0                   | 975                 | 139               | 0                              | 2.507                           | 1.093              | 3.600     |
| Dividend paid                                | 0             | 0               | 0                   | 0                   | 0                 | (100.000)                      | -100.000                        | 0                  | (100.000) |
| Equity at 31 December 2023                   | 59.900        | -17.255         | 6.240               | -25.864             | 1.720.642         | 100.000                        | 1.843.664                       | 199.985            | 2.043.649 |

## Consolidated Cash Flow Statement

|   | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|---|------|------------------|------------------|
| Net profit/loss for the year  |      | 368.790          | 301.610          |
| Adjustments   | 31   | 685.464          | 576.503          |
| Change in working capital   | 32   | 250.202          | -301.139         |
| Cash flows from operating activities before financial income and expenses |      | 1.304.456        | 576.974          |
| Financial income  |      | 55.454           | 80.456           |
| Financial expenses  |      | -158.257         | -122.571         |
| Income taxes paid/received  |      | -152.520         | -89.283          |
| Cash flows from operating activities                                      |      | 1.049.133        | 445.576          |
| Purchase of intangible assets   |      | -49.015          | -74.480          |
| Purchase of property, plant and equipment                                 |      | -371.687         | -267.789         |
| Sale of property, plant and equipment                                     |      | 4.600            | 42.654           |
| Cash flows from investing activities                                      |      | -416.102         | -299.615         |

## Consolidated Cash Flow Statement

|   | Note | 2023<br>DKK '000 | 2022<br>DKK '000 |
|---|------|------------------|------------------|
| Raising/repayment of mortgage loans                 |      | -8.228           | -10.499          |
| Raising/repayment of loans from credit institutions |      | (403.706)        | -1.018           |
| Raising/repayment of loans from parent              |      | 470.578          | 151.710          |
| Acquisitions of minority interests                  |      | -710.844         | 0                |
| Capital increase, minority interests                |      | 112.822          | 0                |
| Dividends paid                                      |      | -100.000         | -100.000         |
|   |      | <hr/>            | <hr/>            |
| Cash flows from financing activities                |      | -639.378         | 40.193           |
|   |      | <hr/>            | <hr/>            |
| Cash flows from continuing operations               |      | (6.347)          | 186.154          |
| Cash flows from discontinuing operations            | 11   | (11.000)         | 10.300           |
|   |      | <hr/>            | <hr/>            |
| Total cash flows                                    |      | -17.347          | 196.454          |
|   |      | <hr/>            | <hr/>            |
| Cash and cash equivalents at 1 January              |      | 658.956          | 479.425          |
| Exchange adjustments, beginning of year             |      | -54.182          | -16.923          |
|   |      | <hr/>            | <hr/>            |
| Cash and cash equivalents at 31 December            |      | 587.427          | 658.956          |
|   |      | <hr/>            | <hr/>            |
| Cash and cash equivalents are specified as follows: |      |                  |                  |
| Cash at bank and in hand                            |      | 587.427          | 658.956          |
|   |      | <hr/>            | <hr/>            |
| Cash and cash equivalents at 31 December            |      | 587.427          | 658.956          |
|   |      | <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         |
| <b>Business segments:</b> |                  |                  |                  |                   |                  |
| Food ingredients          | 1.038.213        | 1.174.657        | 53.874           | 0                 | 2.266.744        |
| Food Technology           | 607.943          | 173.587          | 766.507          | 0                 | 1.548.037        |
| Packaging                 | 1.727.700        | 64.187           | 1.393.900        | 186.000           | 3.371.787        |
| <b>Total revenue 2023</b> | <b>3.373.856</b> | <b>1.412.431</b> | <b>2.214.281</b> | <b>186.000</b>    | <b>7.186.568</b> |

### 3 Other income on operations

|                                    | 2023         | 2022          |
|------------------------------------|--------------|---------------|
|                                    | DKK '000     | DKK '000      |
| COVID-19 compensation, fixed costs | 0            | 125           |
| COVID-19 compensation, salaries    | 96           | 424           |
| Rent income - External             | 0            | 328           |
| Rent income - Group                | 29           | 33            |
| Payment from insurance             | 0            | 73.500        |
| Wage reimbursements                | 3.245        | 0             |
| Other operating income             | 0            | 8.200         |
|                                    | <b>3.370</b> | <b>82.610</b> |

## Notes to the Consolidated Annual Report

|   | 2023<br>DKK '000  | 2022<br>DKK '000  |
|---|-------------------|-------------------|
| 4   |                   |                   |
| Fee to shareholder appointed auditor  |                   |                   |
| Fee to Deloitte   |                   |                   |
| Statutory audit   | 1.754             | 2.037             |
| Tax and VAT related services  | 36                | 267               |
| Other services  | 72                | 425               |
|   | <u>1.862</u>      | <u>2.729</u>      |
| Fee to other auditors   |                   |                   |
| Statutory audit   | 5.066             | 4.337             |
| Other services  | 919               | 100               |
|   | <u>5.985</u>      | <u>4.437</u>      |
| Total fee to auditors   |                   |                   |
| Statutory audit   | 6.820             | 6.374             |
| Tax and VAT related services  | 36                | 267               |
| Other services  | 991               | 525               |
|   | <u>7.847</u>      | <u>7.166</u>      |
| 5   |                   |                   |
| Staff expenses  |                   |                   |
| Salaries  | -1.168.685        | -1.060.063        |
| Pensions  | -97.206           | -84.034           |
| Other social security expenses  | -87.779           | -80.593           |
|   | <u>-1.353.670</u> | <u>-1.224.690</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>3.999</u>      | <u>3.892</u>      |

## Notes to the Consolidated Annual Report

|  | 2023<br>DKK '000 | 2022<br>DKK '000 |
|--|------------------|------------------|
| 6  |                  |                  |
| Amortisation, depreciation and impairment of property, plant and equipment and intangible assets |                  |                  |
| Intangible assets  | -52.116          | -52.932          |
| Buildings, Plant and machinery   | -235.735         | -244.050         |
| Impairment losses  | -97.000          | -77.600          |
| Profit/loss on disposals of the year   | -1.861           | -30.322          |
|  | <u>-386.712</u>  | <u>-404.904</u>  |
| 7  |                  |                  |
| Income from investments in associates  |                  |                  |
| Share of profit in associates  | 748              | 459              |
|  | <u>748</u>       | <u>459</u>       |
| 8  |                  |                  |
| Financial income   |                  |                  |
| Exchange adjustmens  | 26.481           | 64.762           |
| Financial income, Group  | 0                | 5.723            |
| Other financial income   | 28.973           | 5.471            |
|  | <u>55.454</u>    | <u>75.956</u>    |
| 9  |                  |                  |
| Financial expenses   |                  |                  |
| Exchange adjustments   | -65.890          | -62.011          |
| Financial expenses, Group  | -9.821           | 0                |
| Other financial expenses   | -82.546          | -60.560          |
|  | <u>-158.257</u>  | <u>-122.571</u>  |
| 10   |                  |                  |
| Tax on profit/loss for the year  |                  |                  |
| Current tax for the year   | -176.019         | -104.009         |
| Deferred tax for the year  | -18.494          | -24.549          |
| Adjustment concerning previous years   | -4.327           | -1.385           |
| Total tax for the year   | <u>-198.840</u>  | <u>-129.943</u>  |

## Notes to the Consolidated Annual Report

### 11 Discontinuing operations and Assets held for sale

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

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

Hartmann will continue to operate the Russian factory and fulfill obligations within the constraints of imposed sanctions and restrictions until the divestment is concluded. As of the balance sheet date, Hartmann retains control over its operations and is actively continuing the divestment efforts. Nonetheless, the prevailing political uncertainty poses a potential risk of Russian authorities assuming control of Hartmann's Russian assets, either temporarily or permanently.

The uncertainty and risks are factored into the assumptions applied in measuring the Russian business. In 2023, the net assets of the Russian business were impaired to their estimated fair value less cost to sell by DKK 57 million (2022: DKK 117 million). The impairment is recognized in the results of discontinued operations.

The fair value, denominated in the local currency, has been translated into the group's presentation currency (DKK) using the official exchange rate as of 31 December 2023. Any adjustments to the consolidated value of the Russian business unit resulting from changes in the exchange rate have been recognised in other comprehensive income and included in the translation reserve within equity.

|  | 2023           | 2022           |
|--|----------------|----------------|
|  | DKK '000       | DKK '000       |
| <u>Profit and loss</u>                   |                |                |
| Revenue                                  | 89.700         | 120.900        |
| Expenses                                 | -74.700        | -100.100       |
| Depreciation/amortization and impairment | -56.900        | -121.300       |
| Financial items, net                     | 0              | 4.500          |
| Profit or loss before tax                | -41.900        | -96.000        |
| Tax                                      | -2.500         | 4.900          |
| Profit or loss for the year              | <u>-44.400</u> | <u>-91.100</u> |
| <u>Cash flows</u>                        |                |                |
| Operating activities                     | -2.500         | 19.600         |
| Investment activities                    | -8.500         | -9.300         |
| Financing activities                     | 0              | 0              |
| Net Cash Flow                            | <u>-11.000</u> | <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 2023 are as follows:

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

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

## Notes to the Consolidated Annual Report

|   | Acquired<br>rights | Completed<br>development<br>projects | Development<br>projects<br>in progress | Goodwill        |
|---|--------------------|--------------------------------------|--|-----------------|
|   | DKK '000           | DKK '000                             | DKK '000                               | DKK '000        |
| 12 Intangible assets                              |                    |                                      |  |                 |
| Cost at 1 January                                 | 201.929            | 188.556                              | 25.193                                 | 285.748         |
| Hyperinflation restatement                        | 700                | 40.400                               | 0                                      | 0               |
| Exchange adjustment                               | -12.106            | -40.098                              | 55                                     | 264             |
| Transfer  | 0                  | 3.799                                | (3.799)                                | 0               |
| Additions for the year                            | 8.364              | 36.511                               | 2.555                                  | 1.585           |
| Disposals for the year                            | 0                  | -3.065                               | 0                                      | 0               |
| Cost at 31 December                               | <u>198.887</u>     | <u>226.103</u>                       | <u>24.004</u>                          | <u>287.597</u>  |
| Impairment losses and amortisation at 1 January   | -106.410           | -107.197                             | 0                                      | -163.201        |
| Hyperinflation restatement                        | -700               | -40.400                              | 0                                      | 0               |
| Exchange adjustment                               | 10.042             | 40.265                               | 0                                      | -1.550          |
| Amortisation for the year                         | -17.486            | -27.417                              | 0                                      | -7.213          |
| Impairment  | -10.300            | 0                                    | 0                                      | -42.500         |
| Impairment losses and amortisation on assets sold | 6.558              | 2.022                                | 0                                      | 0               |
| Impairment losses and amortisation at 31 December | <u>-118.296</u>    | <u>-132.727</u>                      | <u>0</u>                               | <u>-214.464</u> |
| Carrying amount at 31 December                    | <u>80.591</u>      | <u>93.376</u>                        | <u>24.004</u>                          | <u>73.133</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 t

|   | Land and buildings | Plant and machinery | Oth. fixtures, fittings, tools and equipment | Property, plant and equipment in progress |
|---|--------------------|---------------------|--|---|
|   | DKK '000           | DKK '000            | DKK '000                                     | DKK '000                                  |
| Cost at 1 January 2023                                  | 1.428.548          | 3.212.314           | 234.280                                      | 114.669                                   |
| Hyperinflation restatement                              | 128.500            | 205.500             | 27.700                                       | 0   |
| Exchange adjustment                                     | -168.453           | -268.400            | -36.022                                      | -786                                      |
| Additions during the year                               | 83.431             | 188.787             | 15.166                                       | 220.687                                   |
| Disposals during the year                               | -15.579            | -97.777             | -8.859                                       | -137.251                                  |
| Cost at 31 December 2023                                | 1.456.447          | 3.240.424           | 232.265                                      | 197.319                                   |
| Impairment losses and depreciation at 1 January 2023    | -639.177           | -2.061.809          | -175.907                                     | 0   |
| Hyperinflation restatement                              | -24.500            | -112.700            | -16.500                                      | 0   |
| Exchange adjustment                                     | 30.711             | 143.564             | 21.227                                       | 0   |
| Depreciation for the year                               | -48.022            | -174.820            | -12.893                                      | 0   |
| Impairment  | -38.200            | -5.600              | -400   | 0   |
| Impairment losses and depreciation on assets sold       | 14.241             | 93.677              | 7.836  | 0   |
| Impairment losses and depreciation at 31. december 2023 | -704.947           | -2.117.688          | -176.637                                     | 0   |
| Carrying amount at 31. december 2023                    | 751.500            | 1.122.736           | 55.628                                       | 197.319                                   |
| Depreciated over  | 10-50 years        | 5-10 years          | 3-8 years                                    |   |
| Leased assets included at 31. december 2023             | 0                  | 0                   | 851  |   |

## Notes to the Consolidated Annual Report

13 Property, plant and equipment (continued)

|   | Investment<br>property |
|---|------------------------|
|   | DKK '000               |
| Cost at 1 January 2023                        | 50.942                 |
| Transfer                                      | 2.793                  |
| Additions during the year                     | 867                    |
| Cost at 31 December 2023                      | <u>54.602</u>          |
| Fair value evaluation at<br>1. January 2023   | -9.407                 |
| Fair value evaluation for the year            | 2.143                  |
| Fair value evaluation adjustment              | -56                    |
| Fair value evaluation at<br>31. December 2023 | <u>-7.320</u>          |
| Carrying amount at 31 December                | <u>47.282</u>          |

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

In assessing the fair market value at 31 December, 2023 the required rate of return has been determined individually for each property. The majority of the properties have been valued on the basis of a required rate of return between 8,50% and 9,25%. 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                                 | 49.936 | 47.282 | 44.923 |
| Change in fair value                       | 2.654  | 0      | -2.359 |

Notes to the Consolidated Annual Report

|  | 2023          | 2022          |
|--|---------------|---------------|
|  | DKK '000      | DKK '000      |
| 14 Investments in associates           |               |               |
| Cost at 1 January                      | 9.430         | 9.430         |
| Additions during the year              | 997           | 0             |
| Cost at 31 December                    | <u>10.427</u> | <u>9.430</u>  |
| Valuation adjustments at 1 January     | 2.223         | 1.465         |
| Exchange adjustment, beginning of year | 281           | 299           |
| Net profit/loss for the year           | 748           | 459           |
| Revaluations at 31 December            | <u>3.252</u>  | <u>2.223</u>  |
| Carrying amount at 31 December         | <u>13.679</u> | <u>11.653</u> |

Specification of investments in associates:

| Name:                            | Registered office | Share of ownership and votes |
|----------------------------------|-------------------|------------------------------|
| Shanghai GI Ovo Packing Co. Ltd. | China             | 25%                          |
| Ovo Track B V                    | Netherlands       | 50%                          |

## Notes to the Consolidated Annual Report

|  | 2023             | 2022             |
|--|------------------|------------------|
|  | DKK '000         | DKK '000         |
| 15 Other fixed asset investments                           |                  |                  |
| Cost at 1 January  | 8.510            | 14.026           |
| Exchange adjustment  | 79               | 426              |
| Additions during the year                                  | 50               | 235              |
| Disposals during the year                                  | 0                | -6.177           |
| Cost at 31 December  | <u>8.639</u>     | <u>8.510</u>     |
| Valuation adjustments at 1 January                         | 1.653            | 1.659            |
| Net profit/loss for the year                               | <u>0</u>         | <u>-6</u>        |
| Revaluations at 31 December                                | <u>1.653</u>     | <u>1.653</u>     |
| Carrying amount at 31 December                             | <u>10.292</u>    | <u>10.163</u>    |
| 16 Inventories   |                  |                  |
| Raw materials and consumables                              | 321.975          | 351.648          |
| Work in progress   | 96.635           | 57.734           |
| Finished goods and goods for resale                        | 654.611          | 652.933          |
|  | <u>1.073.221</u> | <u>1.062.315</u> |
| 17 Provision for deferred tax                              |                  |                  |
| Provision for deferred tax at 1 January                    | -988             | -12.920          |
| Corrections previous years                                 | 1.349            | 0                |
| Foreign exchange adjustment                                | -5.712           | -2.890           |
| Amounts recognized in the income statement for the year    | 18.494           | 24.549           |
| Transferred to liabilities related to assets held for sale | 0                | -8.300           |
| Amounts recognised in equity for the year                  | 3.600            | -1.427           |
| Provision for deferred tax at 31 December                  | <u>16.743</u>    | <u>-988</u>      |

## Notes to the Consolidated Annual Report

|   | 2023     | 2022     |
|---|----------|----------|
|   | DKK '000 | DKK '000 |
| 17 Provision for deferred tax (continued) |          |          |
| Deferred tax asset                        | -74.527  | -95.965  |
| Provision for deferred tax                | 91.270   | 94.977   |
|   | <hr/>    | <hr/>    |
| Provision for deferred tax at 31 December | 16.743   | -988     |

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.

### 18 Prepayments

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

### 19 Pension obligations

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

### 20 Other provisions

Other provisions comprise obligations concerning warranty commitments.

## Notes to the Consolidated Annual Report

### 21 Debt

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

Other debt is recognised in long-term debt.

|  | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|
|  | DKK '000         | DKK '000         |
| 22 Mortgage loans  |                  |                  |
| After 5 years  | 135.229          | 143.646          |
| Between 1 and 5 years  | <u>53.058</u>    | <u>50.138</u>    |
| Long-term part   | 188.287          | 193.784          |
| Within 1 year  | <u>9.517</u>     | <u>12.248</u>    |
|  | <u>197.804</u>   | <u>206.032</u>   |
| 23 Credit institutions                                       |                  |                  |
| After 5 years  | 0                | 0                |
| Between 1 and 5 years  | <u>766.800</u>   | <u>843.689</u>   |
| Long-term part   | 766.800          | 843.689          |
| Within 1 year  | <u>340.107</u>   | <u>666.924</u>   |
|  | <u>1.106.907</u> | <u>1.510.613</u> |
| 24 Other payables  |                  |                  |
| After 5 years  | 8.977            | 9.181            |
| Between 1 and 5 years  | <u>800</u>       | <u>7.538</u>     |
| Long-term part   | 9.777            | 16.719           |
| Within 1 year  | <u>775.942</u>   | <u>569.144</u>   |
|  | <u>785.719</u>   | <u>585.863</u>   |
| 25 Proposed distribution of profit                           |                  |                  |
| Proposed dividend for the year                               | 100.000          | 100.000          |
| Minority interests' share of net profit/loss of subsidiaries | 49.244           | -2.836           |
| Retained earnings  | <u>175.146</u>   | <u>113.346</u>   |
|  | <u>324.390</u>   | <u>210.510</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 | (2.900)  |
| GBP/DKK | (4.600)  |
| PLN/DKK | (7.200)  |
| USD/CAD | 1.400    |

The fair value of forward exchange contracts is included in other receivables, with a value of positive DKK 1,400k. The fair value of forward exchange contracts is included in other payables, with a value of negative DKK 14,700k.

Other financial instruments:

|                   |         |
|-------------------|---------|
| Interest cap. EUR | (600)   |
| Energy contracts  | (1.800) |

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 177 million in property valued at 173 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 71 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 up until December 2023 not claimed by the tax authorities is estimated to BRL 16 million leading to a total estimated claim of BRL 72 million, corresponding to DKK 100 million. The tax authorities have not raised any claims against the Brazilian subsidiary for the subsequent years 2017-2022.

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

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

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<br>office | Share of<br>ownership and<br>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%                               |
| Staalakat 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 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 Technology Robotics A/S                | Denmark              | 100%                               |
| Nikro s.r.o.                                  | Slovakiet            | 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                | 66%                                |
| Taiyo Foods Tianjin Ltd                       | China                | 66%                                |
| Guangdong Ovodan Foods Ltd.                   | China                | 66%                                |
| Ovodan Egg Co. Ltd                            | China                | 100%                               |
| Ovodan Europe ApS                             | Denmark              | 100%                               |
| Ovodan Egg Products UK Ltd                    | UK                   | 100%                               |
| Ovodan Foods A/S                              | Denmark              | 100%                               |
| Ovodan International A/S                      | Denmark              | 100%                               |
| Ovodan Biotech A/S                            | Denmark              | 100%                               |
| Sanovo Pharmtech GmbH                         | Germany              | 100%                               |
| Ovodan Eiprodukte GmbH & Co. K.G.             | Germany              | 100%                               |

## Notes to the Consolidated Annual Report

Specification of investments in subsidiaries:  
(continued)

|   | Registered<br>office | Share of<br>ownership and<br>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              | 98%                                |
| Hartmann Canada Inc.  | Canada               | 98%                                |
| Hartmann d.o.o.   | Serbia               | 98%                                |
| Hartmann Finance A/S  | Denmark              | 98%                                |
| Hartmann France S.a.r.l.  | Denmark              | 98%                                |
| Hartmann Hungary Kft.   | Hungary              | 98%                                |
| Hartmann Italiana S.r.l.  | Italy                | 98%                                |
| Hartmann Mai Ltd.   | Israel               | 98%                                |
| Hartmann Papirna Ambalaza d.o.o.                                | Croatia              | 98%                                |
| Hartmann Polska Sp.z.o.o.                                       | Poland               | 98%                                |
| Hartmann Verpackung GmbH  | Germany              | 98%                                |
| Hartmann (UK) Ltd.  | UK                   | 98%                                |
| Hartmann US Inc.  | USA                  | 98%                                |
| Hartmann Verpackung AG  | Switzerland          | 98%                                |
| Mohan Paper Mouldings Private Ltd.                              | India                | 98%                                |
| Hartmann India Ltd.   | India                | 98%                                |
| Molarsa Chile SPA   | Chile                | 98%                                |
| Moldeados Argentinos S.A.                                       | Argentina            | 98%                                |
| Projects A/S  | Denmark              | 98%                                |
| Sanovo Greenpack Argentina S.A.                                 | Argentina            | 98%                                |
| Sanovo Greenpack Embalagens do Brasil Ltda                      | Brazil               | 98%                                |
| Mätfoods A/S  | Denmark              | 100%                               |
| Siangpack Sdn. Bhd.,  | Malaysia             | 100%                               |
| Investments in subsidiaries classified as assets held for sale: |                      |                                    |
| JSC Hartmann-Rus  | Russia               | 98%                                |
| OOO EKU Holding   | Russia               | 98%                                |

## Notes to the Consolidated Annual Report

| Related parties and ownership |  | Basis   |                  |
|-------------------------------|--|---|------------------|
| 29                            | Controlling interest<br>Thornico A/S, Odense<br>Thornico Holding A/S, Odense<br>Christian Nicholas Rosenkrantz Stadil, non-public address  | Controlling shareholder<br>Shareholder of controlling shareholder<br>Ultimate owner |                  |
|                               | Other related parties<br>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).                |   |                  |
| 31                            | Cash flow statement - adjustments  | 2023<br>DKK '000  | 2022<br>DKK '000 |
|                               | Financial income   | -55.454   | -80.456          |
|                               | Financial expenses   | 158.257   | 122.571          |
|                               | Depreciation and impairment losses, incl. gain and loss on sale  | 384.569   | 404.904          |
|                               | Income on investments in associates  | -748  | -459             |
|                               | Income tax in income statement   | 198.840   | 129.943          |
|                               |  | <u>685.464</u>  | <u>576.503</u>   |
| 32                            | Cash flow statement - change of working capital  |   |                  |
|                               | Change in inventories  | -10.906   | -226.470         |
|                               | Change in receivables  | 69.221  | -231.598         |
|                               | Change in other provisions   | 21.955  | -18.999          |
|                               | Change in working capital, discontinued activities   | 0   | -29.200          |
|                               | Change in suppliers etc  | 169.932   | 205.128          |
|                               |  | <u>250.202</u>  | <u>-301.139</u>  |

## Parent Company Income Statement 1 January - 31 December

|   | Note | 2023<br>DKK'000 | 2022<br>DKK'000 |
|---|------|-----------------|-----------------|
| Revenue   | 1    | 28.375          | 27.083          |
| Other external expenses   |      | -6.094          | -3.366          |
| EBITDA  |      | 22.282          | 23.717          |
| Fair value evaluation of investment property                                    | 8    | 1.338           | 12.577          |
| Amortisation, depreciation and impairment of property and other tangible assets | 3    | -6.594          | -6.594          |
| Profit/loss before financial income and expenses                                |      | 17.026          | 29.701          |
| Income from investments in group enterprises                                    | 4    | 272.045         | 161.073         |
| Financial income  | 5    | 12.103          | 43.881          |
| Financial expenses  | 6    | -24.805         | -5.290          |
| Profit/loss before tax  |      | 276.368         | 229.364         |
| Tax on profit/loss for the year, income   | 7    | -1.223          | -16.018         |
| Net profit/loss for the year  |      | 275.145         | 213.346         |

## Parent Company Balance Sheet at 31 December

| Assets                             | Note | 2023<br>DKK'000  | 2022<br>DKK'000  |
|------------------------------------|------|------------------|------------------|
| Land and buildings                 | 8    | 129.177          | 135.771          |
| Investment properties              | 8    | 29.949           | 27.745           |
| Other tangible assets              | 8    | 345              | 345              |
|                                    |      | <u>159.471</u>   | <u>163.861</u>   |
| Tangible assets                    |      |                  |                  |
| Investments in group enterprises   | 4    | 2.637.085        | 2.158.478        |
| Receivables from group entities    | 9    | 97.820           | 153.145          |
| Other fixed asset investments      | 11   | 526              | 526              |
|                                    |      | <u>2.735.430</u> | <u>2.312.149</u> |
| Fixed asset investments            |      |                  |                  |
| Fixed assets                       |      | <u>2.894.901</u> | <u>2.476.010</u> |
| Receivables from group enterprises |      | 63.418           | 89.129           |
| Trade receivables                  |      | 0                | 744              |
| Prepayments                        |      | 268              | 88               |
| Other receivables                  |      | 0                | 721              |
|                                    |      | <u>63.686</u>    | <u>90.682</u>    |
| Receivables                        |      |                  |                  |
| Cash and cash equivalents          |      | <u>14.041</u>    | <u>256.707</u>   |
| Current assets                     |      | <u>77.727</u>    | <u>347.389</u>   |
| Assets                             |      | <u>2.972.628</u> | <u>2.823.400</u> |

## Parent Company Balance Sheet at 31 December

| Liabilities and equity                          | Note | 2023<br>DKK'000  | 2022<br>DKK'000  |
|---|------|------------------|------------------|
| Share capital                                   |      | 59.900           | 59.900           |
| Revaluation reserve                             |      | 6.240            | 6.240            |
| Reserve for revaluation under the equity method |      | 955.497          | 1.220.887        |
| Retained earnings                               |      | 722.027          | 748.895          |
| Proposed dividend for the year                  |      | 100.000          | 100.000          |
| Equity  |      | <u>1.843.664</u> | <u>2.135.922</u> |
| Provisions for deferred tax                     | 10   | 6.442            | 6.243            |
| Provisions                                      |      | <u>6.442</u>     | <u>6.243</u>     |
| Mortgage debt                                   | 13   | 166.862          | 173.989          |
| Long-term debt                                  |      | <u>166.862</u>   | <u>173.989</u>   |
| Mortgage debt                                   | 13   | 7.655            | 8.339            |
| Credit institutions                             | 14   | 275.855          | 341.568          |
| Payables to group companies                     |      | 665.584          | 137.575          |
| Payables to associates                          |      | 3.468            | 2.594            |
| Corporation tax                                 |      | 673              | 12.323           |
| Other payables                                  |      | 2.426            | 4.847            |
| Short-term debt                                 |      | <u>955.660</u>   | <u>507.246</u>   |
| Debt  |      | <u>1.122.522</u> | <u>681.235</u>   |
| Liabilities and equity                          |      | <u>2.972.628</u> | <u>2.823.400</u> |
| Proposed distribution of profit                 | 15   |                  |                  |
| Security/Continent liabilities                  | 16   |                  |                  |
| Related parties and ownership                   | 17   |                  |                  |

## Statement of changes in Equity for Parent Company

|                                    | Share<br>capital | Revaluation<br>Reserve | Reserve for<br>net revaluation<br>under the<br>equity method | Retained<br>earnings | Proposed<br>dividen d<br>for the year | Total     |
|------------------------------------|------------------|------------------------|--|----------------------|---------------------------------------|-----------|
| Equity at 1 January 2023           | 59.900           | 6.240                  | 1.220.887  | 748.895              | 100.000                               | 2.135.922 |
| Dividends paid                     | 0                | 0                      | 0  | 0                    | (100.000)                             | (100.000) |
| Exchange adjustments               | 0                | 0                      | (105.578)  | 32                   | 0                                     | (105.546) |
| Acquisitions of minority interests | 0                | 0                      | -361.857   | 0                    | 0                                     | (361.857) |
| Dividends received                 | 0                | 0                      | -70.000  | 70.000               | 0                                     | 0         |
| Net profit/loss for the year       | 0                | 0                      | 272.045  | (96.900)             | 100.000                               | 275.145   |
| Equity<br>31. December 2023        | 59.900           | 6.240                  | 955.497  | 722.027              | 100.000                               | 1.843.664 |

Notes to the Parent Company Annual Report

|   |   | 2023             | 2022             |
|---|---|------------------|------------------|
|   |   | DKK '000         | DKK '000         |
| 1 | Revenue   |                  |                  |
|   | <u>Business segments:</u>   |                  |                  |
|   | <u>Geography:</u>   |                  |                  |
|   | Rental income   | 28.375           | 27.083           |
|   |   | <u>28.375</u>    | <u>27.083</u>    |
| 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           | -6.594           |
|   |   | <u>-6.594</u>    | <u>-6.594</u>    |
| 4 | Investments in group enterprises  |                  |                  |
|   | Cost at 1 January   | 917.096          | 915.636          |
|   | Additions during the year   | 725.081          | 1.460            |
|   | Disposal during the year  | 0                | 0                |
|   | Cost at 31 December   | <u>1.642.177</u> | <u>917.096</u>   |
|   | Revaluation at 1 January  | 1.220.886        | 1.063.201        |
|   | Net profit/loss for the year after tax  | 272.045          | 161.073          |
|   | Exchange  | -105.578         | 52.290           |
|   | Dividend  | -70.000          | -60.000          |
|   | Other equity transactions   | -361.857         | 4.322            |
|   | Revaluation at 31 December  | <u>955.496</u>   | <u>1.220.886</u> |
|   | Carrying amount at 31 December  | <u>2.597.673</u> | <u>2.137.982</u> |
|   | The carrying amount is specified as follows in the balance sheet:   |                  |                  |
|   | Fixed asset investments   | 2.637.085        | 2.158.478        |
|   | Set off against receivables   | -39.412          | -20.497          |
|   |   | <u>2.597.673</u> | <u>2.137.982</u> |

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

|   | 2023   | 2022     |         |
|---|--|----------|---------|
|   | DKK '000   | DKK '000 |         |
| 5 | Financial income   |          |         |
|   | Interest income, group enterprises                       | 9.745    | 10.464  |
|   | Guarantee commission                                     | 2        | 26      |
|   | Gain, foreign exchange                                   | 2.355    | 33.391  |
|   | 12.103   | 43.881   |         |
| 6 | Financial expenses                                       |          |         |
|   | Interest, group enterprises                              | -9.831   | -99     |
|   | Loss, foreign exchange                                   | -3.291   | 0       |
|   | Interest, bank   | -11.684  | -5.192  |
|   | -24.805  | -5.290   |         |
| 7 | Tax on profit/loss for the year                          |          |         |
|   | Tax on profit/loss for the year is specified as follows: |          |         |
|   | Adjustment conc. previous years                          | -352     | -222    |
|   | Adjustment conc. previous years, deferred tax            | 0        | 0       |
|   | Provision for the year for deferred tax                  | -198     | -3.473  |
|   | Tax on taxable income                                    | -673     | -12.323 |
|   | -1.223   | -16.018  |         |
|   | No corporation tax has been paid in the financial year.  |          |         |

## 8 Tangible fixed assets

|  | Land<br>and<br>buildings | Investment<br>properties | Oth. fixtures,<br>fittings, tools<br>and<br>equipment |
|--|--------------------------|--------------------------|---|
|  | DKK '000                 | DKK '000                 | DKK '000  |
| Cost at 1 January 2023                                     | 250.053                  | 34.058                   | 345   |
| Transfer   | 0                        | 0                        | 0   |
| Additions during the year                                  | 0                        | 867                      | 0   |
| Cost at 31 December 2023                                   | <u>250.053</u>           | <u>34.925</u>            | <u>345</u>  |
| Impairment losses and<br>depreciation at 1 January 2023    | -114.282                 | -26.891                  | 0   |
| Transfer   | 0                        | 0                        | 0   |
| Depreciation for the year                                  | -6.594                   | 0                        | 0   |
| Impairment losses and depreciation<br>at 31. december 2023 | <u>-120.876</u>          | <u>-26.891</u>           | <u>0</u>  |
| Fair value evaluation at<br>1. January 2023                | 0                        | 20.577                   | 0   |
| Fair value evaluation adjustment                           | 0                        | 0                        | 0   |
| Fair value evaluation for the year                         | 0                        | 1.338                    | 0   |
| Fair value evaluation at<br>31. December 2023              | <u>0</u>                 | <u>21.915</u>            | <u>0</u>  |
| Carrying amount at<br>31. December 2023                    | <u>129.177</u>           | <u>29.949</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, 2023 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                                 | 31.825 | 29.949 | 28.289 |
| Change in fair value                       | 1.876  | 0      | -1.660 |

|                                   | 2023          | 2022           |
|-----------------------------------|---------------|----------------|
|                                   | DKK '000      | DKK '000       |
| 9 Receivables from group entities |               |                |
| Cost at 1 January                 | 153.145       | 110.069        |
| Movements for the year            | -55.326       | 43.077         |
| Cost at 31 December               | <u>97.820</u> | <u>153.145</u> |
| Carrying amount at 31. December   | <u>97.820</u> | <u>153.145</u> |

Notes to the Parent Company Annual Report

|   | 2023         | 2022         |
|---|--------------|--------------|
|   | DKK '000     | DKK '000     |
| 10 Provision for deferred tax                           |              |              |
| Provision for deferred tax at 1 January                 | 6.244        | 1.011        |
| Amounts recognized in the income statement for the year | 198          | 3.473        |
| Amounts recognized via equity for the year              | 0            | 1.760        |
| Provision for deferred tax at 31 December               | <u>6.442</u> | <u>6.244</u> |
| Deferred tax asset                                      | 0            | 0            |
| Provision for deferred tax                              | <u>6.442</u> | <u>6.244</u> |
| Provision for deferred tax at 31 December               | <u>6.442</u> | <u>6.244</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 | -1.590        | -1.569        |
| Net profit/loss for the year       | 0             | -22           |
| Revaluations at 31 December        | <u>-1.590</u> | <u>-1.590</u> |
| Carrying amount at 31 December     | <u>526</u>    | <u>526</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>2023</u> | <u>2022</u> |
|---|-------------|-------------|
|   | DKK '000    | DKK '000    |
| 13 Mortgage loans                                   |             |             |
| After 5 years                                       | 132.900     | 138.322     |
| Between 1 and 5 years                               | 33.962      | 35.667      |
|   | <hr/>       | <hr/>       |
| Long-term part                                      | 166.862     | 173.989     |
| Within 1 year                                       | 7.655       | 8.339       |
|   | <hr/>       | <hr/>       |
|   | 174.517     | 182.327     |
|   | <hr/>       | <hr/>       |
| 14 Credit institutions                              |             |             |
| Between 1 and 5 years                               | 0           | 0           |
|   | <hr/>       | <hr/>       |
| Long-term part                                      | 0           | 0           |
| Within 1 year                                       | 275.855     | 341.568     |
|   | <hr/>       | <hr/>       |
|   | 275.855     | 341.568     |
|   | <hr/>       | <hr/>       |
| 15 Proposed distribution of profit                  |             |             |
| Proposed dividend for the year                      | 100.000     | 100.000     |
| Reserve for net revaluation under the equity method | 272.045     | 161.073     |
| Retained earnings                                   | -96.900     | -47.728     |
|   | <hr/>       | <hr/>       |
|   | 275.145     | 213.345     |
|   | <hr/>       | <hr/>       |

Notes to the Parent Company Annual Report

16 Security/Contingent liabilities

The company guarantees debts and guarantees of group enterprises of DKK 266,856k.

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.

## **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 2023.

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

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

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

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


Odense, 15 May 2024

### **Executive Board**

Christian Nicholas  
Rosenkrantz Stadil

### **Supervisory Board**

Thor Stadil



Ronald Lambertus Maria  
Bouwens

Christian Nicholas  
Rosenkrantz Stadil