



**Danish Crown**

**HALF-YEAR REPORT 2023/24**

**Leverandørselskabet Danish Crown AmbA**

**CVR no. 21 64 39 39**

## MANAGEMENT'S REVIEW

Danish Crown is one of the world's leading food companies who works determinedly towards more sustainability in both production and commercialisation of animal protein-based food.

Similar to last year it has been a challenging first half-year for Danish Crown. The production of pigs in Europe currently decreases significantly, as increased production prices has led to pressure on the economics of pig producers. This effects the supply of pigs in Denmark which has decreased by 12% in the first half-year compared to last year – meaning a total decrease of 23% over the last two year period.

The average settlement for the first half-year 2023/24 to our cooperative owners for pigs has increased by 11 øre/kg compared to first half-year 2022/23 – meaning a total increase of 3,7 kr/kg over the last two year period.

The processing business in our main market has realised higher revenue og improved performance in a stabilising market. The fresh business has suffered from reduced supply of raw materials and not been able to keep up the level of revenue from last year. However, we have been able to improve performance also in this area – among other things due to the many saving initiatives we have been running over a longer period.

Danish Crown Beef has realised lower revenue and lower volumes compared to last year. This has also been reflected in average settlement prices to our cooperative owners for cattle decreasing 12% compared to last year.

Both KLS in Sweden and Sokołów in Poland have delivered results above last year. Strong cost focus in combination with dedicated sales efforts has driven improvements.

Our DAT-Schaub business is currently challenged both by lower supply of raw materials as the pig production decreases in many countries where we do business, but also due to a downward pressure on sales prices in the market. In combination this has resulted in lower earnings compared to last year.

Due to the lower supply of pigs in Denmark we have prepared plans to optimize our capacity. After the closing of the first half-year, we have decided to close the abattoir in Ringsted, Denmark. The financial effects from the closure have therefore not been recognized in the half-year financial statement. Impairment on assets are expected to be around DKK 300 million.

During the first half year of 2023/24 we have continued our green transition plans and actions. We are moving in the right direction and currently we foresee that we will meet our 2025 reduction targets.

During the period we have also collected the 2022/23 data as a basis for our scope 3 CO<sub>2e</sub>-emissions. Following a 4 % reduction from 2020/21 to 2021/22 our scope 3 emissions for 2022/23 are now flat compared to 2021/22. The main reason for this is the decreasing share of our volume coming from Danish pigs and cows where we have full data transparency from the Danish suppliers and can demonstrate low emissions per kg. An increasing share of our volumes therefore comes from external suppliers where emissions are based on an industry wide benchmark that is higher than the Danish actual emissions.

## **PROFIT FOR THE FIRST HALF-YEAR 2023/24**

Compared to last year, revenue has decreased by 3% driven by lower volumes. The lower volumes are driven by the lower supply of pigs for slaughter in several of our main markets.

In the first half-year, we have been able to keep up with inflationary pressure on our costs and our gross margin remains stable. Distribution costs have decreased due to the lower volumes.

Administration costs have increased with 3%. A number of strategic initiatives have been launched driving an increase in external support costs for the initiatives. Over and above this, the savings programs that have been carried out in the central administration have compensated for the inflationary impact.

In the first half-year, the group's net financing costs have increased compared to last year which, in addition to general increasing interest rate levels, can be attributed to increased capital tied up in net working capital.

Net profit for the first half-year of 2023/24 amounts to DKK 764 million against DKK 902 million last year. The management considers the result acceptable in the light of the market challenges.

For the second half-year of 2023/24, we expect ordinary earnings to improve significantly compared to ordinary earnings from the second half-year 2022/23 as a result of all the structural measures, while the closure of the Ringsted abattoir in Denmark is associated with one-off costs.

## **BALANCE SHEET**

The balance sheet total is increased by DKK 0.8 billion since the end of the last financial year and since the end of the first half-year of 2022/23.

Part of this is due to continued investment in a new processing plant in the UK, which was officially opened in April 2024. But also our receivables increase over the period.

By the end of March 2024, the solvency ratio of 25% is on par compared to the end of March 2023. By the end of the half-year, the group's debt leverage is 3.6 x EBITDA compared to 3.2 at the same time last year.

## **STATEMENT BY THE EXECUTIVE BOARD**

Today, the Executive Board has considered and adopted the half-year report for Leverandørselskabet Danish Crown AmbA for the financial period 1 October 2023 - 31 March 2024.

The half-year report has not been audited or reviewed by the company's auditors elected by the Board of Representatives.

In our opinion, the half-year report gives a true and fair view of the group's and company's assets, liabilities and financial position at 31 March 2024 and of the results of the group's and company's activities and the group's cash flows for the period 1 October 2023 - 31 March 2024.

We believe that the management's review contains a fair review of the development in the group's and the company's activities and financial affairs, the half-year result, the company's financial position and the financial position as a whole of the enterprises included in the consolidated financial statements.

Randers, 23 May 2024

### **Executive Board:**

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Jais Valeur  
Group CEO

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Thomas Ahle  
Group CFO

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Tim Ørting Jørgensen  
Group EVP

## Consolidated summarised income statement 1 October - 31 March

DKKm	2023/24	2022/23
Revenue	33.519	34.521
Production costs	-28.849	-29.718
<b>Gross profit</b>	<b>4.670</b>	<b>4.803</b>
Distribution costs	-2.487	-2.668
Administration costs	-946	-918
Other operating income	24	25
Other operating expenses	-5	-10
Income from equity investments in associates and joint ventures	24	23
<b>Operating profit before special items (EBIT)</b>	<b>1.281</b>	<b>1.255</b>
Special items	0	-47
<b>Operating profit after special items (EBIT after special items)</b>	<b>1.281</b>	<b>1.208</b>
Financial income	83	115
Financial expenses	-421	-331
<b>Profit before tax</b>	<b>943</b>	<b>992</b>
Tax on profit for the period	-179	-90
<b>Net profit for the period</b>	<b>764</b>	<b>902</b>
Periodens resultat fra ophørende aktiviteter (fordeles til moderselskabets andelshavere)	0	0
<b>Net profit for the period</b>	<b>764</b>	<b>902</b>

## Consolidated summarised income statement 1 October - 31 March

DKKm	2023/24	2022/23
<b>Net profit for the period</b>	<b>764</b>	<b>902</b>
Items which may subsequently be transferred to the income statement	106	32
Items which cannot be transferred to the income statement	0	0
<b>Other comprehensive income</b>	<b>106</b>	<b>32</b>
Other comprehensive income from discontinued operations	0	0
<b>Comprehensive income for the period</b>	<b>870</b>	<b>934</b>

## Consolidated summarised balance sheet

### Balance - assets

DKKm	31.03.2024	30.09.2023	31.03.2023
Goodwill	3.122	3.080	3.050
Software	107	88	74
Acquired patents, trademarks and similar rights	467	479	521
<b>Intangible assets</b>	<b>3.696</b>	<b>3.647</b>	<b>3.645</b>
Land and buildings	4.584	4.428	4.017
Plant and machinery	3.278	3.265	3.091
Other fixtures, fittings, tools and equipment	267	300	260
Property, plant and equipment in progress and prepayments	1.475	1.483	1.782
Lease assets	801	765	797
<b>Property, plant and equipment</b>	<b>10.405</b>	<b>10.241</b>	<b>9.947</b>
Equity investments in associates and joint ventures	356	327	430
Other securities and equity investments	16	11	11
<b>Financial assets</b>	<b>372</b>	<b>338</b>	<b>441</b>
Biological assets	6	0	0
Deferred tax assets	93	96	124
<b>Non-current assets</b>	<b>14.572</b>	<b>14.322</b>	<b>14.157</b>
Inventories	6.025	5.844	6.219
Biological assets	27	33	38
<b>Inventories</b>	<b>6.052</b>	<b>5.877</b>	<b>6.257</b>
Trade receivables	7.558	7.153	6.967
Receivables from- and prepayments to cooperative owners	132	253	116
Receivables from associates	61	42	20
Other receivables	1.017	1.084	1.092
Prepayments	191	150	199
<b>Receivables</b>	<b>8.959</b>	<b>8.682</b>	<b>8.394</b>
Other securities and equity investments	2	33	33
Cash	235	155	210
<b>Current assets</b>	<b>15.248</b>	<b>14.747</b>	<b>14.894</b>
<b>Total assets</b>	<b>29.820</b>	<b>29.069</b>	<b>29.051</b>

## Consolidated summarised balance sheet

### Balance - liabilities

DKKm	31.03.2024	30.09.2023	31.03.2023
Cooperative owner's accounts	853	913	926
Owner's accounts	913	934	872
Other reserves and retained earnings	5.552	5.900	5.421
<b>Equity (including minority interests)</b>	<b>7.318</b>	<b>7.747</b>	<b>7.219</b>
Pension obligations	32	15	39
Deferred tax liabilities	545	551	440
Other provisions	125	112	201
Mortgage debt	3.315	2.180	2.313
Other debt, issued bonds	4.873	4.875	2.105
Credit institutions	2.913	1.874	2.913
Lease debt	649	555	630
Other payables	6	0	0
<b>Non-current liabilities</b>	<b>12.458</b>	<b>10.162</b>	<b>8.641</b>
Other provisions	108	187	124
Mortgage debt	23	135	122
Other debt, issued bonds	242	246	1.410
Credit institutions	2.528	3.498	4.511
Lease debt	144	186	129
Trade payables	4.007	4.040	4.247
Payables to associates	46	36	52
Income tax payable	123	0	45
Other payables	2.792	2.795	2.515
Deferred income	32	37	36
<b>Current liabilities</b>	<b>10.045</b>	<b>11.160</b>	<b>13.191</b>
<b>Liabilities</b>	<b>22.502</b>	<b>21.322</b>	<b>21.832</b>
<b>Total equity and liabilities</b>	<b>29.820</b>	<b>29.069</b>	<b>29.051</b>

## Consolidated summarised statement of changes in equity

DKKm	Cooperative owner's accounts	Owner's accounts	Reserve for foreign currency translation adjustments	Reserve for value adjustments of hedging instruments	Retained earnings	Total	Attributable to minority interests	Total equity
<b>Equity 30.09.2022</b>	<b>1.108</b>	<b>895</b>	<b>-355</b>	<b>93</b>	<b>6.354</b>	<b>8.095</b>	<b>78</b>	<b>8.173</b>
<b>Net profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>894</b>	<b>894</b>	<b>8</b>	<b>902</b>
Total other comprehensive income after tax	0	0	-63	17	77	31	1	32
Payment of contributed capital, net	-182	-23	0	0	0	-205	0	-205
Supplementary payments disbursed	0	0	0	0	-1.665	-1.665	0	-1.665
Dividend to minority interests	0	0	0	0	0	0	-18	-18
<b>Equity 31.03.2023</b>	<b>926</b>	<b>872</b>	<b>-418</b>	<b>110</b>	<b>5.660</b>	<b>7.150</b>	<b>69</b>	<b>7.219</b>
<b>Net profit for the period</b>	<b>0</b>	<b>57</b>	<b>0</b>	<b>0</b>	<b>498</b>	<b>555</b>	<b>12</b>	<b>567</b>
Total other comprehensive income after tax	0	0	59	3	-99	-37	-3	-40
Payment of contributed capital, net	-13	5	0	0	0	-8	1	-7
Acquisition of minority interests	0	0	0	0	0	0	8	8
<b>Equity 30.09.2023</b>	<b>913</b>	<b>934</b>	<b>-359</b>	<b>113</b>	<b>6.059</b>	<b>7.660</b>	<b>87</b>	<b>7.747</b>
<b>Net profit for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>752</b>	<b>752</b>	<b>12</b>	<b>764</b>
Total other comprehensive income after tax	0	0	177	-71	0	106	0	106
Payment of contributed capital, net	-60	-21	0	0	0	-81	0	-81
Supplementary payments disbursed	0	0	0	0	-1.210	-1.210	0	-1.210
Dividend to minority interests	0	0	0	0	0	0	-8	-8
<b>Equity 31.03.2024</b>	<b>853</b>	<b>913</b>	<b>-182</b>	<b>42</b>	<b>5.601</b>	<b>7.227</b>	<b>91</b>	<b>7.318</b>



## Consolidated summarised cash flow statement 1 October - 31 March

DKKm	2023/24	2022/23
<b>Operating profit before special items (EBIT)</b>	<b>1.281</b>	<b>1.255</b>
Other adjustments	220	402
Change in net working capital	-438	-40
<b>Cash flows from operating activities</b>	<b>1.063</b>	<b>1.617</b>
<b>Cash flows from investing activities</b>	<b>-657</b>	<b>-850</b>
<b>Cash flows from financing activities</b>	<b>-326</b>	<b>-875</b>
<b>Change in cash and cash equivalents</b>	<b>80</b>	<b>-108</b>
Cash and cash equivalents as at 01.10	155	319
<b>Cash and cash equivalents as at 31.03</b>	<b>235</b>	<b>210</b>

## **NOTE 1      SIGNIFICANT ACCOUNTING POLICIES**

The half-year report for 2023/24 includes summarised consolidated financial statements for Leverandørselskabet Danish Crown AmbA and its subsidiaries.

The half-year report for first half-year 2023/24 is presented according to the same accounting principles and with the same significant accounting estimates as in the annual report 2022/23 for Leverandørselskabet Danish Crown AmbA.

The consolidated financial statements of Leverandørselskabet Danish Crown AmbA are presented in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, reference is made to the description of accounting policies and significant accounting estimates in note 31 and 1, respectively, in the Annual Report 2022/23.

Leverandørselskabet Danish Crown AmbA is a limited liability cooperative domiciled in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK) rounded to nearest DKK million, which is the presentation currency for the group's activities.

## **NOTE 2      SEASONAL FLUCTUATIONS**

Due to seasonal fluctuations, the group's inventory values are historically higher at the end of the first half-year than at the end of the second half-year as inventories are built up for sales in the peak season.