



**Danish Crown**

## **HALF-YEAR REPORT 2024/25**

**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.

The first half-year 2024/25 has been a period of many changes. A new governance model for the Board of Representatives and Board of Directors was introduced in the first quarter together with a new Executive Management team on-boarding.

A lower pig quotation than the Danish competitors in 2023/24 combined with a lower-than-expected supplementary payment in December 2024 meant that a number of farmers decided to deliver their slaughter-animal to other Danish slaughterhouses. Accordingly, the supply of pigs to Danish Crown from the owners for the first half-year of 2024/25 has been reduced by 12% compared to the same period last year.

To reduce costs following the closure of abattoirs in 2023 and 2024 a redundancy plan of 25% white collar in Danish Crown BU was executed in October 2024 together with other cost reduction initiatives. Furthermore, plans to "get back in black" on the loss-making sites in Germany and China were developed and executed.

Pig prices in Europe are down 10% compared to last year among other things caused by export limitations from Germany due to outbreak of foot and mouth disease in Germany. During first half-year 2024/25 the Danish quotation gap to the German quotation narrowed compared to first half-year 2023/24. Beef prices have increased as the supply of slaughter animals is weaker than demand.

In our core Danish Crown business decreasing revenue reflects the decreasing pig prices. In Industry, results have improved compared to last year. Especially results in our German abattoir have improved. Furthermore, we have closed our Chinese production site end of February, which has contributed to improved results. In Foods we are challenged on results in our bacon category due to increased raw material prices that are not reflected in the sales prices.

During 2023/24 we invested in our new bacon site in Rochdale, UK. We have been ramping up production in the second half of 2023/24 continuing into first half of 2024/25. We now see production stabilising. However, results for the first half-year 2024/25 are negatively impacted compared to the first half-year 2023/24.

Danish Crown Beef's revenue has increased despite decreasing volumes reflecting the increasing beef prices. In the Danish market sales prices have increased and results have improved, whereas in the German market sales prices have not increased in the same pace as the cost prices and results are negatively impacted. The market for hides is weak and prices have decreased.

Both KLS in Sweden and Sokołów in Poland have delivered results above last year. Even though volumes are down in both the Swedish and the Polish market we have improved margins with dedicated sales efforts towards the right customer and product mix in combination with strong cost focus.

Our DAT-Schaub business is still challenged both by lower sales of hog casings and heparin with the impact of lower margins. In combination this has resulted in lower earnings compared to last year.

During the first half year of 2024/25 we have continued the work with our green transition plans and actions. We are moving in the right direction and currently we foresee that we will meet our reduction target for scope 1 and 2 for the year.

We work extensive towards meeting our scope 3 target. Following a 5 % reduction from 2019/20 to 2022/23 we saw a flat development in our scope 3 emission intensity in 2023/24. Due to the continuing decreasing share of our volumes coming from Danish pigs where we have full data transparency from the Danish suppliers and can demonstrate lower emissions per kg compared to the industry benchmarks, we expect to see an upward pressure on our scope 3 emission intensity in 2024/25

## **PROFIT FOR THE FIRST HALF-YEAR 2024/25**

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 some of our main markets.

In the first half year, we were able to keep up with inflationary pressure on our costs and our gross margin has slightly increased. Distribution costs have decreased due to the lower volumes.

Administration costs have decreased by 3% as a consequence of the cost reduction measures taken across the group. One-time costs related to restructuring of the organization amount to DKK 0,1 billion mainly included in administrative costs. Over and above this, the savings programs that have been carried out in the central administration have compensated for the inflationary impact.

Costs relating to closure of a German site has been shown as specific items.

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

Net profit for the first half-year of 2024/25 amounts to DKK 811 million against DKK 764 million last year. The management considers the result acceptable in the light of the market challenges.

In order to improve liquidity at farm level we have decided to reduce the expectations for supplementary payments in December 2025. As a consequence, we expect to increase quotation during the second half year. As a result, we expect net results for the second half year of 2024/25 to be below last year's second half year.

## **BALANCE SHEET**

The balance sheet total is increased by DKK 0.5 billion since the end of the last financial year but has decreased DKK 1.9 billion since the end of the first half-year of 2023/24.

Part of the reduction from last year relates to impairment of fixed assets in the second half of 2023/24 and part of the reduction is due to strong efforts to reduce net working capital.

We have a free cash flow of DKK 0.9 billion in the first half year which is an improvement compared to the first half year 2023/24 due to a lower level of investment than in 2023/24 where we invested in the UK.

By the end of March 2025, the solvency ratio of 25.6% is one percentage point up compared to the end of March 2024 based on balance sheet reductions. By the end of the half-year, the group's debt leverage is 3.0 x EBITDA compared to 3.6 at the same time last year.

## **STATEMENT BY THE EXECUTIVE MANAGEMENT**

Today, the Executive Management has considered and adopted the half-year report of Leverandørselskabet Danish Crown AmbA for the financial period 1 October 2024 - 31 March 2025.

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 consolidated half-year report gives a true and fair view of the group's assets, liabilities and financial position at 31 March 2025 and of the results of the group's activities and the group's cash flows for the period 1 October 2024 - 31 March 2025.

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

Randers, 15 May 2025

### **Executive Management:**

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Niels Duedahl  
Group CEO

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Anders Aakær Jensen  
Group CFO

## Consolidated summarised income statement 1 October - 31 March

| DKKkm  | 2024/25      | 2023/24      |
|--|--------------|--------------|
| Revenue  | 32,436       | 33,519       |
| Production costs   | -27,821      | -28,849      |
| <b>Gross profit</b>                                      | <b>4,615</b> | <b>4,670</b> |
| Distribution costs                                       | -2,421       | -2,487       |
| Administration costs                                     | -918         | -946         |
| Other operating income                                   | 23           | 24           |
| Other operating costs                                    | -1           | -4           |
| Income from investments in associates and joint ventures | 27           | 24           |
| <b>Operating profit before special items (EBIT)</b>      | <b>1,325</b> | <b>1,281</b> |
| Special items  | -15          | 0            |
| <b>Operating profit after special items</b>              | <b>1,310</b> | <b>1,281</b> |
| Financial income   | 95           | 83           |
| Financial costs  | -396         | -421         |
| <b>Profit before tax</b>                                 | <b>1,009</b> | <b>943</b>   |
| Tax on profit for the period                             | -198         | -179         |
| <b>Profit for the period</b>                             | <b>811</b>   | <b>764</b>   |

## Consolidated summarised income statement 1 October - 31 March

| DKKkm   | 2024/25    | 2023/24    |
|---|------------|------------|
| <b>Profit for the period</b>                        | <b>811</b> | <b>764</b> |
| Items subsequently recycled to the income statement | 63         | 106        |
| <b>Other comprehensive income</b>                   | <b>63</b>  | <b>106</b> |
| <b>Comprehensive income for the period</b>          | <b>874</b> | <b>870</b> |

## Consolidated summarised balance sheet

### Balance - assets

| DKKm  | 31.03.2025    | 30.09.2024    | 31.03.2024    |
|---|---------------|---------------|---------------|
| Goodwill  | 3,154         | 3,117         | 3,122         |
| Software  | 83            | 102           | 107           |
| Acquired patents, trademarks and similar rights           | 375           | 402           | 467           |
| <b>Intangible assets</b>                                  | <b>3,612</b>  | <b>3,621</b>  | <b>3,696</b>  |
| Land and buildings  | 4,596         | 4,675         | 4,584         |
| Plant and machinery                                       | 3,096         | 3,216         | 3,278         |
| Other fixtures, fittings, tools and equipment             | 219           | 252           | 267           |
| Property, plant and equipment in progress and prepayments | 787           | 730           | 1,475         |
| Lease assets  | 737           | 770           | 801           |
| <b>Property, plant and equipment</b>                      | <b>9,435</b>  | <b>9,643</b>  | <b>10,405</b> |
| Equity investments in associates and joint ventures       | 306           | 292           | 356           |
| Other securities and equity investments                   | 9             | 10            | 16            |
| <b>Financial assets</b>                                   | <b>315</b>    | <b>302</b>    | <b>372</b>    |
| Deferred tax assets                                       | 83            | 77            | 93            |
| <b>Non-current assets</b>                                 | <b>13,445</b> | <b>13,643</b> | <b>14,566</b> |
| Inventories   | 5,662         | 5,059         | 6,025         |
| Biological assets   | 34            | 29            | 33            |
| <b>Inventories</b>  | <b>5,696</b>  | <b>5,088</b>  | <b>6,058</b>  |
| Trade receivables   | 7,221         | 7,173         | 7,558         |
| Receivables from and prepayments to cooperative owners    | 148           | 236           | 132           |
| Receivables from associates                               | 21            | 42            | 61            |
| Other receivables   | 917           | 840           | 1,017         |
| Prepayments   | 206           | 145           | 191           |
| <b>Receivables</b>  | <b>8,513</b>  | <b>8,436</b>  | <b>8,959</b>  |
| Other securities and equity investments                   | 2             | 2             | 2             |
| Cash  | 259           | 269           | 235           |
| <b>Current assets</b>                                     | <b>14,470</b> | <b>13,795</b> | <b>15,254</b> |
| <b>Total assets</b>                                       | <b>27,915</b> | <b>27,438</b> | <b>29,820</b> |

## Consolidated summarised balance sheet

### Balance - liabilities

| DKKm   | 31.03.2025    | 30.09.2024    | 31.03.2024    |
|--|---------------|---------------|---------------|
| Cooperative owner's accounts                 | 694           | 842           | 853           |
| Owner's accounts                             | 916           | 940           | 913           |
| Other reserves and retained earnings         | 5,523         | 5,799         | 5,552         |
| <b>Equity (including minority interests)</b> | <b>7,133</b>  | <b>7,581</b>  | <b>7,318</b>  |
| Pension obligations                          | 40            | 23            | 32            |
| Deferred tax liabilities                     | 412           | 411           | 545           |
| Other provisions                             | 139           | 166           | 125           |
| Mortgage debt                                | 2,804         | 2,795         | 3,315         |
| Other debt, issued bonds                     | 4,675         | 4,655         | 4,873         |
| Credit institutions                          | 2,158         | 3,198         | 2,913         |
| Lease debt                                   | 613           | 576           | 649           |
| <b>Non-current liabilities</b>               | <b>10,841</b> | <b>11,824</b> | <b>12,452</b> |
| Other provisions                             | 186           | 187           | 108           |
| Mortgage debt                                | 4             | 25            | 23            |
| Other debt, issued bonds                     | 223           | 223           | 242           |
| Credit institutions                          | 2,382         | 523           | 2,528         |
| Lease debt                                   | 123           | 189           | 144           |
| Trade payables                               | 3,925         | 3,922         | 4,007         |
| Payables to associates                       | 10            | 14            | 46            |
| Income tax payable                           | 162           | 169           | 123           |
| Other payables                               | 2,895         | 2,741         | 2,798         |
| Deferred income                              | 31            | 40            | 32            |
| <b>Current liabilities</b>                   | <b>9,941</b>  | <b>8,033</b>  | <b>10,051</b> |
| <b>Total liabilities</b>                     | <b>20,782</b> | <b>19,857</b> | <b>22,502</b> |
| <b>Total equity and liabilities</b>          | <b>27,915</b> | <b>27,438</b> | <b>29,820</b> |

## Consolidated summarised statement of changes in equity

| DKKm                              | Cooperative<br>owner's<br>accounts | Owner's<br>accounts | Reserve for<br>foreign<br>currency<br>translation<br>adjustments | Reserve for<br>value<br>adjustments of<br>hedging<br>instruments | Retained<br>earnings | Total        | Equity<br>attributable<br>to non-<br>controlling<br>interests | Total equity |
|-----------------------------------|------------------------------------|---------------------|--|--|----------------------|--------------|---|--------------|
| <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>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  | 0                                  | 0                   | 177  | -71  | 0                    | 106          | 0   | 106          |
| Payment of contributed capital    | -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> |
| <b>Profit for the period</b>      | <b>0</b>                           | <b>23</b>           | <b>0</b>   | <b>0</b>   | <b>246</b>           | <b>269</b>   | <b>9</b>  | <b>278</b>   |
| Total other comprehensive income  | 0                                  | 0                   | 17   | 12   | -32                  | -3           | -1  | -4           |
| Payment of contributed capital    | -11                                | 4                   | 0  | 0  | 0                    | -7           | 8   | 1            |
| Supplementary payments disbursed  | 0                                  | 0                   | 0  | 0  | -3                   | -3           | -9  | -12          |
| Acquisition of minority interests | 0                                  | 0                   | 0  | 0  | 0                    | 0            | 0   | 0            |
| <b>Equity 30.09.2024</b>          | <b>842</b>                         | <b>940</b>          | <b>-165</b>  | <b>54</b>  | <b>5,812</b>         | <b>7,483</b> | <b>98</b>   | <b>7,581</b> |
| <b>Profit for the period</b>      | <b>0</b>                           | <b>0</b>            | <b>0</b>   | <b>0</b>   | <b>802</b>           | <b>802</b>   | <b>9</b>  | <b>811</b>   |
| Total other comprehensive income  | 0                                  | 0                   | 134  | -71  | 0                    | 63           | 0   | 63           |
| Payment of contributed capital    | -148                               | -24                 | 0  | 0  | 0                    | -172         | 0   | -172         |
| Supplementary payments disbursed  | 0                                  | 0                   | 0  | 0  | -1,141               | -1,141       | 0   | -1,141       |
| Dividend to minority interests    | 0                                  | 0                   | 0  | 0  | 0                    | 0            | -9  | -9           |
| <b>Equity 31.03.2025</b>          | <b>694</b>                         | <b>916</b>          | <b>-31</b>   | <b>-17</b>   | <b>5,473</b>         | <b>7,035</b> | <b>98</b>   | <b>7,133</b> |



## Consolidated summarised cash flow statement

### 1 October - 31 March

| DKKkm  | 2024/25 | 2023/24 |
|--|---------|---------|
| Operating profit before special items (EBIT) | 1,325   | 1,280   |
| Other adjustments                            | 304     | 220     |
| Change in net working capital                | -580    | -444    |
| Cash flows from operating activities         | 1,049   | 1,056   |
| Cash flows from investing activities         | -435    | -651    |
| Free cash flow                               | 614     | 405     |
| Cash flows from financing activities         | -624    | -325    |
| Change in cash and cash equivalents          | -10     | 80      |
| Cash and cash equivalents as at 01.10        | 269     | 155     |
| Cash and cash equivalents as at 31.03        | 259     | 235     |

## **NOTE 1      SIGNIFICANT ACCOUNTING POLICIES**

The half-year report for 2024/25 includes summarised consolidated financial statements for Leverandørselskabet Danish Crown AmbA and its subsidiaries.

The half-year report for first half-year 2024/25 is presented according to the same accounting principles and with the same significant accounting estimates as in the annual report 2023/24 for Leverandørselskabet Danish Crown AmbA.

The consolidated financial statements of Leverandørselskabet Danish Crown AmbA are presented in accordance with IFRS Accounting 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 2023/24.

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.