

# Aarstiderne A/S

Barritskovvej 34, 7150 Barrit

CVR no. 12 54 29 76

## Annual report 2020

Approved at the Company's annual general meeting on 25 June 2021

Chair of the meeting:

.....  
Thomas Harttung



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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Aarstiderne A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Barrit, 25 June 2021

Executive Board:

.....  
Annette Hartvig Larsen

.....  
Thomas Slott

.....  
Philip Thestrup

Board of Directors:

.....  
Thomas Harttung  
Chair

.....  
Søren Ejlersen

.....  
Riëlla Hollander

.....  
Mette Maix

.....  
Thomas Hess-Nielsen  
Employee representative

.....  
Mikael Jacobsen  
Employee representative



## Independent auditor's report

To the shareholders of Aarstiderne A/S

### Opinion

We have audited the financial statements of Aarstiderne A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the 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 Company's internal control.



## Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 25 June 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Tom B. Lassen  
State Authorised Public Accountant  
mne24820



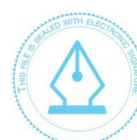
Nikolai Holm Pedersen  
State Authorised Public Accountant  
mne45896



## Management's review

### Company details

Name	Aarstiderne A/S
Address, Postal code, City	Barritskovvej 34, 7150 Barrit
CVR no.	12 54 29 76
Established	1 November 1988
Registered office	Hedensted
Financial year	1 January - 31 December
Website	<a href="http://www.aarstiderne.com">www.aarstiderne.com</a>
Telephone	+45 70 26 00 66
Board of Directors	Thomas Harttung, Chair Søren Ejlersen Riëlla Hollander Mette Maix Thomas Hess-Nielsen, Employee representative Mikael Jacobsen, Employee representative
Executive Board	Annette Hartvig Larsen Thomas Slott Philip Thestrup
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark



## Management's review

### Financial highlights

DKK'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Revenue	759,750	657,898	684,988	672,028	566,648
Gross profit	226,428	181,026	169,455	175,322	151,899
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	64,795	33,821	34,366	63,593	57,592
Operating profit/loss	41,233	12,094	15,635	48,711	45,415
Net financials	-5	-117	-214	-169	56
<b>Profit for the year</b>	<b>36,865</b>	<b>13,234</b>	<b>14,727</b>	<b>40,381</b>	<b>38,493</b>
<b>Total assets</b>					
<b>Equity</b>	<b>63,472</b>	<b>57,442</b>	<b>57,058</b>	<b>61,313</b>	<b>38,661</b>
<b>Financial ratios</b>					
Operating margin	6.2%	2.6%	2.8%	7.8%	8.6%
Gross margin	29.8%	27.5%	24.7%	26.1%	26.8%
Equity ratio	33.8%	39.5%	42.4%	41.1%	31.7%
Return on equity	61.0%	23.1%	24.9%	80.8%	107.9%
Return on capital employed	75.5%	31.7%	37.2%	112.3%	128.8%
<b>Average number of employees</b>					
	<b>330</b>	<b>296</b>	<b>269</b>	<b>224</b>	<b>189</b>

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on capital employed	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$



## Management's review

### Business review

The Company's principal activity is to deliver organic products and meal solutions directly to private households, offices, catering companies and other businesses and institutions.

### Objective

Aarstiderne recreates the close links between the work of the organic farmer and the work in all the kitchens - transforming the bounties of the land into feasts of good, nutritious, seasonal, and inspired food.

The objective of the Company includes having a material positive impact on society and the environment, taken as a whole, from the business and operations of the Company.

### Financial review

Revenue in 2020 totalled DKK 765.3 million (2019: DKK 661.3 million) and profit before tax totalled DKK 47.1 million (2019: DKK 17.0 million). Profit after tax totalled DKK 36.8 million (2019: DKK 13.2 million). The pre-tax profit for the year was DKK 30.1 million higher than in 2019. The main reasons for this were the effects of a growing awareness of sustainable food and a growing interest in shopping food online. Both tendencies were visible from the beginning of 2020 and was fortified by the Corona pandemic. Denmark experienced full lockdown twice and especially the first lockdown in March 2020 implied an increased demand on all online retailers.

### Conclusion

The Executive Board and the Board of Directors consider the Company's financial performance in 2020 to be satisfactory.

### Equity

Equity totalled DKK 63.5 million on 31 December 2020 (2019: DKK 57.4 million), corresponding to 33.8% (2019: 39.5%) of the balance sheet total.

### Non-financial matters

#### Financial risks and use of financial instruments

##### Price risks

Aarstiderne maintains comprehensive cooperation with growers inside and outside of Denmark. Consequently, the forward price situation is well known within a 12 month perspective.

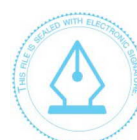
This unique collaboration was put under pressure during the lockdown periods, and the supplier relationship stood the test. Aarstiderne has been able to deliver in spite of the difficult situations such as scarcity on products due to lockdowns in several supplier countries. The relationship with suppliers has been strengthened even more during 2020 through continued concerted efforts and developed further with regard to sustainability issues.

##### Currency risks

More than 80% of revenue is received in DKK.

The Company pays its foreign suppliers predominantly in EUR, DKK and SEK.

While impacting immediate profitability of the Swedish branch, fluctuations in the DKK/SEK exchange rate are not seen to pose any material risk to the Company. The Company hedges its exposure to SEK on a rolling 12 month basis.





## Management's review

### Knowledge resources

The Company continuously accumulates internal knowledge about its business model, customers, and suppliers. Throughout 2020, emphasis was put on developing the cooperation with suppliers, expanding the diversity and the level of cooperation with farmers and producers of organic food. In 2020, emphasis has also been put on the continuing development and further deepening of the relationship with the customers.

This work has been highly impacted by the Corona pandemic but has nonetheless worked well thanks to a high degree of creativity in working with both suppliers and customers. From finding ways to keep up delivering when lockdowns stopped employees from working on the farms to offering online community eating and education to the customers.

Due to the pandemic, parts of the co workers' worked from their homes, while the other part had to endure limitations and restrictions upon entering the workplace, such as limitations on break out spaces, having to wear face masks etc. Despite this the commitment and the ability to take charge of the various situations have been consistent. New ways of working and communicating were implemented briskly as the first lockdown hit in March and has strengthened the cooperation between co-workers.

### Impact on the external environment

As an organically certified entity and due to our Articles of Association, Aarstiderne is committed to minimising its energy consumption, avoiding any unnecessary negative impact on the environment, and using local resources as much as possible. This is reflected in a comprehensive Environmental Assessment report, which governs company policy in this area and establishes frameworks for engagement and action plans.

The Company engages in carbon accounting, emissions are monitored, and reduction projects are assessed. The Company bought carbon credits in 2020 to compensate for the emissions in all of 2020, and hence, the Company is living up to the promise given in the Planetar® Pledges published at the end of 2019 on being in CO2 balance.

The Company maintained its organic certification throughout the financial year.

### Research and development activities

On the two host farms, Barritskov and Krogerup Avlsgaard, test fields are used to gain knowledge and test new varieties of vegetables, herbs, flowers, etc. to be incorporated in the composition of the Company's meal kits.

The Company continuously initiates and participates in various research projects focusing on lowering carbon emissions, minimising food waste, increasing the Danish share of meal kit content, etc. The 17 Sustainable Development Goals (SDGs), as set forth by the UN, have become the guiding principles, however the sustainability focus has always been an integrated part of the DNA of Aarstiderne. This work has suffered somewhat during the Corona pandemic but is still very much part of the research performed.

In 2019, a project focusing on growing various crops during all seasons in non-heated greenhouses in Eastern Zealand in Denmark was established. The object of the project is to prolong the availability of Danish crops through the seasons where they are normally not available due to the cold weather conditions – and thus being able to minimise transportation of crops from Southern Europe. The project continued into 2020 giving valuable information on the subject and giving fresh and unique produce for the meal kits. The project was finalised in 2020, however, the experiences gathered from this project will be utilised in the supply chain development going forward.

### Foreign branches

The Company maintains a branch in Sweden. The Swedish branch has grown in line with the Danish business.



## Management's review

### Statutory CSR report

The Company does not file separate reporting on Corporate Social Responsibility (CSR), however, CSR reporting for Aarstiderne is included in the CSR report for Barritskov Holding ApS, which is accessible on the website:

[www.aarstiderne.com/barritskov holding csr report 2020](http://www.aarstiderne.com/barritskov%20holding%20csr%20report%202020)

### Account of the gender composition of Management

At Aarstiderne a transparent dialogue will be maintained on the distribution of women and men on both leadership and employee level of the organisation. The Company strives to have a at least 40/60 distribution overall, albeit qualifications will be chosen before gender. The distribution among employees in 2020 was 48/52, and at Executive Management level and elected Board members level, the distribution is less; 43/57.

The Board consisted of four members elected by the AGM in 2020, two female and two male, plus two members elected by the co-workers also male hence the distribution.

### Events after the balance sheet date

The business has maintained the high level of revenue. The second Corona pandemic lockdown in December 2020 has influenced the business although at a lower level than the first lockdown.

### Outlook

2021 is expected to deliver stable performance and revenue growth of 5-10%. The introduction of new business areas is expected to affect earnings negatively in 2021 and therefore a lower profit is expected despite the higher revenue.



## Financial statements 1 January - 31 December

### Income statement

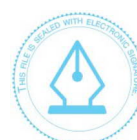
Note	DKK'000	2020	2019
2	<b>Revenue</b>	759,750	657,898
	Other operating income	5,968	5,004
	Raw materials and consumables	-347,570	-306,769
	Other external expenses	-191,720	-175,107
	<b>Gross profit</b>	226,428	181,026
3	Staff costs	-161,633	-147,205
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-17,595	-16,722
	<b>Profit before net financials</b>	47,200	17,099
	Income from investments in group entities	-137	0
	Financial income	748	635
	Financial expenses	-753	-752
	<b>Profit before tax</b>	47,058	16,982
4	Tax for the year	-10,193	-3,748
	<b>Profit for the year</b>	36,865	13,234



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
5	<b>Intangible assets</b>		
	Carbon Instruments	802	0
	Completed development projects	8,022	10,536
	Intellectual property rights and trademarks	4,104	5,586
	Goodwill	1,059	1,261
	Development projects in progress and prepayments for intangible assets	5,905	0
		<u>19,892</u>	<u>17,383</u>
6	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	28,483	32,008
		<u>28,483</u>	<u>32,008</u>
7	<b>Investments</b>		
	Investments in group entities, net asset value	103	240
	Investments in associates, net asset value	2,500	0
		<u>2,603</u>	<u>240</u>
	<b>Total fixed assets</b>	<u>50,978</u>	<u>49,631</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	2,009	2,332
	Finished goods and goods for resale	26,136	16,718
		<u>28,145</u>	<u>19,050</u>
	<b>Receivables</b>		
	Trade receivables	18,836	20,756
	Receivables from associates	754	0
	Joint taxation contribution receivable	0	34
	Other receivables	14,222	12,195
8	<b>Prepayments</b>	5,608	5,478
		<u>39,420</u>	<u>38,463</u>
	<b>Cash</b>	<u>69,005</u>	<u>38,194</u>
	<b>Total non-fixed assets</b>	<u>136,570</u>	<u>95,707</u>
	<b>TOTAL ASSETS</b>	<u><u>187,548</u></u>	<u><u>145,338</u></u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	7,091	7,091
	Reserve for development costs	11,442	9,115
	Hedging reserve	-166	0
	Retained earnings	45,105	41,236
	<b>Total equity</b>	<b>63,472</b>	<b>57,442</b>
	<b>Provisions</b>		
10	Deferred tax	3,208	3,184
	<b>Total provisions</b>	<b>3,208</b>	<b>3,184</b>
	<b>Liabilities other than provisions</b>		
11	<b>Non-current liabilities other than provisions</b>		
	Lease liabilities	932	2,963
	Other payables	15,051	5,228
		<b>15,983</b>	<b>8,191</b>
	<b>Current liabilities other than provisions</b>		
11	Current portion of long-term liabilities	2,031	2,294
	Prepayments received from customers	911	1,258
	Trade payables	69,627	51,758
	Payables to group entities	120	120
	Joint taxation contribution payable	818	0
	Deposits, customers	723	820
	Other payables	30,655	20,271
		<b>104,885</b>	<b>76,521</b>
		<b>120,868</b>	<b>84,712</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>187,548</b>	<b>145,338</b>

- 1 Accounting policies
- 12 Treasury shares
- 13 Derivative financial instruments
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit



## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Hedging reserve	Retained earnings	Total
		7,091	8,264	0	41,702	57,057
17	Equity at 1 January 2019	0	851	0	-748	103
	Transfer, see "Appropriation of profit"	0	0	0	361	361
	Adjustment of hedging instruments at fair value	0	0	0	-79	-79
	Tax on items recognised directly in equity					
	<b>Equity at 1 January 2020</b>	<b>7,091</b>	<b>9,115</b>	<b>0</b>	<b>41,236</b>	<b>57,442</b>
17	Transfer, see "Appropriation of profit"	0	2,327	0	3,869	6,196
	Adjustment of hedging instruments at fair value	0	0	-212	0	-212
	Tax on items recognised directly in equity	0	0	46	0	46
	<b>Equity at 31 December 2020</b>	<b>7,091</b>	<b>11,442</b>	<b>-166</b>	<b>45,105</b>	<b>63,472</b>



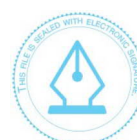
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## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2020	2019
	Profit for the year	36,865	13,234
18	Adjustments	17,807	16,838
	<b>Cash generated from operations (operating activities)</b>	<b>54,672</b>	<b>30,072</b>
19	Changes in working capital	18,363	200
	<b>Cash generated from operations (operating activities)</b>	<b>73,035</b>	<b>30,272</b>
	Interest received, etc.	748	635
	Interest paid, etc.	-753	-752
	<b>Cash flows from operating activities</b>	<b>73,030</b>	<b>30,155</b>
	Additions of intangible assets	-10,426	-7,762
	Additions of property, plant and equipment	-6,153	-3,511
	Acquisition of companies	-2,500	-120
	<b>Cash flows to investing activities</b>	<b>-19,079</b>	<b>-11,393</b>
	Dividends paid	-30,669	-13,132
	Repayments, finance leases	-2,294	-1,910
	Raising of loan in the Employees' Fund for Residual Holiday Funds	9,823	5,228
	<b>Cash flows from financing activities</b>	<b>-23,140</b>	<b>-9,814</b>
	<b>Net cash flow</b>	<b>30,811</b>	<b>8,948</b>
	Cash and cash equivalents at 1 January	38,194	29,246
20	<b>Cash and cash equivalents at 31 December</b>	<b>69,005</b>	<b>38,194</b>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Aarstiderne A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rates at the transaction date.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

#### Public grants

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only where they are not expected to be repaid.





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

###### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

###### Raw materials and consumables, etc.

Costs of raw materials, consumables and goods for resale comprise purchases for the year and the change in the inventory of raw materials, consumables and goods for resale.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

###### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Amortisation is recognised in the income statement.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Carbon Instruments	1-3 years
Completed development projects	3-5 years
Intellectual property rights and trademarks	3-20 years
Goodwill	20 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Other fixtures and fittings, tools and equipment 3-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

#### Profit/loss from investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

#### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

#### Balance sheet

##### Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over a period of 20 years or less, as this amortisation period is considered the best way to reflect the utility of the resources in question.

Other intangible assets comprise the IT platform, ongoing development projects, intellectual property rights and trademarks.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development projects regarding products and processes that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project or the process in question, are recognised as intangible assets. Other development costs are recognised in the income statement when incurred.

Development costs comprise costs, including salaries and travelling expenses that are directly and indirectly attributable to the development projects.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

The IT platform is measured at cost less accumulated amortisation and impairment. Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Intellectual property rights and trademarks are measured at cost less accumulated amortisation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

#### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

#### Leases

Leases for property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor is the interest rate implicit in the lease, if this is practicable to determine; if not, an approximation of this is used. Finance leases are subsequently treated as the Company's other fixed assets.

The capitalised residual obligation on the lease is recognised in the balance sheet as a liability and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the weighted average price. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Treasury shares*

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

###### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

###### *Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

##### Prepayments received from customers

Prepayments from customers comprise payments received concerning income invoiced in the following year.

##### Deferred income

Advance invoicing of revenue comprises revenue excluding VAT on goods invoiced, but not yet delivered.

Deposits re. customers, comprise deposits invoiced to the subscribers.

##### Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

##### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that its activities relate to one segment, as risks and returns on activities do not differ significantly.

DKK'000	2020	2019
<b>3 Staff costs</b>		
Wages/salaries	147,251	134,119
Pensions	12,763	11,326
Other social security costs	1,619	1,760
	<u>161,633</u>	<u>147,205</u>
	<u>2020</u>	<u>2019</u>
Average number of full-time employees	<u>330</u>	<u>296</u>
Remuneration to members of Management:		
DKK'000	2020	2019
Executive Board	6,192	6,582
Board of Directors	500	500
	<u>6,692</u>	<u>7,082</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	10,123	3,926
Deferred tax adjustments in the year	150	-176
Tax adjustments, prior years	-80	-2
	<u>10,193</u>	<u>3,748</u>

In addition, tax on equity totals DKK -46 thousand (2019: DKK 79 thousand).



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Intangible assets

DKK'000	Carbon Instruments	Completed development projects	Intellectual property rights and trademarks	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	0	31,671	13,688	3,818	0	49,177
Additions in the year	1,215	3,306	0	0	5,905	10,426
Disposals in the year	0	-172	0	0	0	-172
Transfer from other accounts	0	764	-764	0	0	0
Cost at 31 December 2020	1,215	35,569	12,924	3,818	5,905	59,431
Impairment losses and amortisation at 1 January 2020	0	21,135	8,102	2,557	0	31,794
Amortisation/depreciation in the year	413	6,584	718	202	0	7,917
Reversal of depreciation and impairment of disposals	0	-172	0	0	0	-172
Impairment losses and amortisation at 31 December 2020	413	27,547	8,820	2,759	0	39,539
<b>Carrying amount at 31 December 2020</b>	<b>802</b>	<b>8,022</b>	<b>4,104</b>	<b>1,059</b>	<b>5,905</b>	<b>19,892</b>
Amortised over	1-3 years	3-5 years	3-20 years	20 years		

#### Completed development projects

Completed development projects include the Company's software system and app with a carrying amount of DKK 8,022 thousand.

#### 6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	83,522
Additions in the year	6,153
Disposals in the year	-484
Cost at 31 December 2020	89,191
Impairment losses and depreciation at 1 January 2020	51,514
Depreciation in the year	9,678
Reversal of depreciation and impairment of disposals	-484
Impairment losses and depreciation at 31 December 2020	60,708
<b>Carrying amount at 31 December 2020</b>	<b>28,483</b>
Property, plant and equipment include finance leases with a carrying amount totalling	3,904
Depreciated over	3-10 years





## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Investments

DKK'000	Investments in group entities, net asset value	Investments in associates, net asset value	Total
Cost at 1 January 2020	240	0	240
Additions in the year	0	2,500	2,500
Cost at 31 December 2020	240	2,500	2,740
Value adjustments at 1 January 2020	0	0	0
Share of the profit/loss for the year	-137	0	-137
Value adjustments at 31 December 2020	-137	0	-137
Carrying amount at 31 December 2020	103	2,500	2,603

Name	Domicile	Interest
<b>Subsidiaries</b>		
Fælleshaverne A/S	Fredensborg	60.00%
<b>Associates</b>		
Planetary Impact Ventures A/S	Fredensborg	25.00%

#### 8 Prepayments

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

DKK'000	2020	2019
<b>9 Share capital</b>		
Analysis of the share capital:		
7,091,400 shares of DKK 1.00 nominal value each	7,091	7,091
	7,091	7,091

The Company's share capital has remained DKK 7,091 thousand over the past 5 years.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020	2019
<b>10 Deferred tax</b>		
Deferred tax at 1 January	3,184	3,284
Deferred tax adjustment in the year, profit and loss	70	-179
Deferred tax adjustment in the year, equity	-46	79
<b>Deferred tax at 31 December</b>	<b>3,208</b>	<b>3,184</b>
Deferred tax relates to:		
Intangible assets	3,650	3,443
Property, plant and equipment	-1,671	-1,312
Inventories	886	762
Receivables	166	165
Liabilities	177	126
	<b>3,208</b>	<b>3,184</b>

### 11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	2,963	2,031	932	0
Other payables	15,051	0	15,051	15,051
	<b>18,014</b>	<b>2,031</b>	<b>15,983</b>	<b>15,051</b>

### 12 Treasury shares

	Number	Nominal value DKK'000	Share of capital
Balance at 1 January 2020	87,740	88	1.24%
Sold in the year	-9,000	-9	-0.13%
Balance at 31 December 2020	<b>78,740</b>	<b>79</b>	<b>1.11%</b>

In accordance with a resolution passed at the general meeting of shareholders, the Company can acquire treasury shares at a maximum nominal value of DKK 100 thousand. The treasury shares were acquired in preparation of a new co-worker incentive programme for the Company.

### 13 Derivative financial instruments

The Company uses forward exchange contracts to hedge currency risks relating to revenue in the coming year. Contractual value at 31 December 2020 totalled a negative DKK 139 thousand. The revaluation is recognised in equity.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 14 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

The Company is jointly taxed with its parent, Barritskov Holding ApS, which acts as management company, and has limited and secondary liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2020	2019
Rent and lease liabilities	35,215	40,892

The Company has entered into twelve leases for office space, warehouse, terminals and warehousing with a rent commitment for 2021-2025 of DKK 30,285 thousand (2019: DKK 35,965 thousand).

Operating lease commitments total DKK 4,930 thousand (2019: DKK 4,927 thousand).

#### 15 Collateral

As security for the Company's debt to other credit institutions, the Company has placed assets or other items as security, worth a total of DKK 25,000 thousand. The total carrying amount of the assets having been put up as security is DKK 96,110 thousand. Breakdown of the security and the carrying amount:

Amounts owed to Sydbank are secured by a letter of indemnity, DKK 17,000 thousand (2019: DKK 17,000 thousand), secured trade receivables, stocks, operating equipment, goodwill and intellectual property rights.

The Company has issued letters of indemnity totaling DKK 8,000 thousand (2019: DKK 8,000 thousand) secured on fixtures and fittings, tools and equipment.

#### 16 Related parties

Aarstiderne A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Thomas Harttung A/S	Hedensted	Majority shareholder

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Barritskov Holding ApS	Hedensted	At the Danish Business Authority
Thomas Harttung A/S	Hedensted	At the Danish Business Authority

##### Related party transactions

In the year under review, no related party transactions that were not carried through on normal market terms took place.

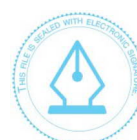
All transactions have been carried out on an arm's length basis.



## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020	2019
<b>17 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Extraordinary dividend distributed in the year	30,669	13,132
Reserve for development costs	2,327	851
Retained earnings/accumulated loss	3,869	-749
	<b>36,865</b>	<b>13,234</b>
<b>18 Adjustments</b>		
Amortisation/depreciation and impairment losses	17,595	16,722
Gain/loss on the sale of non-current assets	0	99
Income from investments in group entities	137	0
Financial income	-748	-635
Financial expenses	753	752
Deferred tax	70	-100
	<b>17,807</b>	<b>16,838</b>
<b>19 Changes in working capital</b>		
Change in inventories	-9,094	-2,344
Change in receivables	-957	-4,807
Change in trade and other payables	28,414	7,351
	<b>18,363</b>	<b>200</b>
<b>20 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	69,005	38,194
	<b>69,005</b>	<b>38,194</b>



# List of Signatures

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## Aarstiderne AS Annual report 2020.pdf

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