

HAVI Logistics ApS
Transitvej 60
7100 Vejle

CVR-nr. 13 78 86 42

Annual report
2020

(External)

The annual report is presented and
approved at the annual general meeting
22nd February 2021

Chairman
Kristian Jørgensen

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1. Management Statement

Annual report 2020 for HAVI Logistics ApS, Vejle (HL-DK), was submitted by the management today.

This annual report was prepared in accordance with the Danish Financial Statements Act.

We consider all used accounting policies appropriate and therefore the annual report presents a true and fair view of the company's assets and liabilities, its financial position and the 2020 result.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

The annual report is recommended to the annual General Assembly for approval.

Vejle, February 22nd 2021

Executive Board:

Kristian Gorm Jørgensen
Managing Director

Board of Directors:

Kristian Gorm Jørgensen

Jari Vesa Nurmi

Ola Rickard Niedomysl

2. Independent Auditor's Report

To the Shareholders of HAVI Logistics ApS

Opinion

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

We have audited the Financial Statements of HAVI Logistics ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 about whether the financial statements, 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 based on these financial statements.

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

- Identify and assess the risks of material misstatement of the 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.
- 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 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.

Vejle, February 22nd 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Lars Almskou Ohmeyer
State Authorized Public Accountant
mne24817

3. Company Information

Company: HAVI Logistics ApS
c/o DTC Transitvej 60
DK-7100 Vejle

Phone: 7572 5088
Fax: 7572 4055
Homepage: www.havi-logistics.com

Reg.no.: 13 78 86 42
Founded: 1. januar 1990
Registered office: Vejle
Financial year: January 1 – December 31

Board of Directors: Kristian Gorm Jørgensen
Jari Vesa Nurmi
Ola Rickard Niedomysl

Executive Board: Kristian Gorm Jørgensen

Auditor: PricewaterhouseCoopers
Statsautoriseret revisionspartnerselskab
Herredsvej 32
7100 Vejle

Annual General Meeting: Annual general meeting is held on 22nd February 2021
at the address of the company.

4. Key Figures

Income statement	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Revenue	1.121.111	1.188.837	1.136.900	1.125.838	1.086.689
Gross result	69.549	69.685	81.734	74.831	75.449
Result of main activities	6.205	7.329	10.749	9.498	12.036
Financial net items	487	342	199	206	262
Annual result	5.105	5.564	8.391	7.798	9.658
Balance sheet					
Balance sheet amount	200.512	197.036	187.941	176.021	196.421
Equity	14.654	15.113	17.940	17.347	19.207
Cash flows					
Operating activity	16.062	13.660	12.086	-12.189	14.380
Investment activity	-721	-3.147	-558	0	-181
Hereof investment in intangible and tangible fixed assets	-721	-1.520	-823	0	-181
Financial activity	-5.564	-8.391	-7.798	-9.658	-9.222
Employees					
Average, full time employees	122	128	128	120	116
Keyfigures					
Key figures in %					
Gross margin	6,20%	5,90%	7,20%	6,60%	6,90%
Net profit rate	0,60%	0,60%	0,90%	0,80%	1,10%
Yield rate	3,20%	3,90%	6,00%	5,10%	6,30%
Equity rate	7,30%	7,70%	9,50%	9,90%	9,80%
Return on Equity	34,30%	33,70%	47,60%	42,70%	50,90%

5. Management report

5.1. Business Model

HAVI Logistics ApS (HL-DK) is 100% owned by HAVI Global Logistics GmbH with The HAVI Group LP as ultimate parent, and part of the HAVI supply chain.

HL-DK's philosophy is based on the principle of "One Stop Shopping", mainly serving Quick Service Restaurants (QSR). HL-DK's business model enables its customers to fully focus on their core business as HL-DK integrates itself into the customers supply chain. HL-DK's customers design their own supply chain, define product ranges, and negotiate all conditions with its suppliers. Once conditions have been established, HL-DK takes over the operational management of the supply chain, ensuring optimization, consistency, compliance, and transparency. HL-DK takes on procurement, customer service, supply chain quality management and distribution of supplies for its customers. HL-DK activities are directed entirely to the rendering of logistics services, with a focus on value adding offerings.

HL-DK assumes ownership of goods but does in principle not bear any risk, as all procurement activities are performed based on contracts and product specifications defined by the customers. This activity works as a pass-through sales activity where HL-DK initially buys goods for its customers from the suppliers chosen by the same customers. Next HL-DK resells the goods to the customers at the buying price negotiated by the customers and with a logistic service markup added.

HL-DK HQ is based in the distribution center in Vejle and daily business is run out of HAVI's two leased distribution centers in Vejle and Ishøj. HL-DK is currently servicing around 300 delivery points (restaurants/coffee bars /stores). HL-DK predominantly uses its own warehouse- and distribution staff as well as leased/company owned distribution trucks. Subcontractors are used where needed. In total HL-DK owns 18 trucks, all used for distribution. HL-DK employs 122 people, all located in Denmark.

5.2. Exceptional conditions

No exceptional conditions have been found.

5.3. Uncertainties in recognition and measurements

No uncertainties have been found.

5.4. Development in the financial year

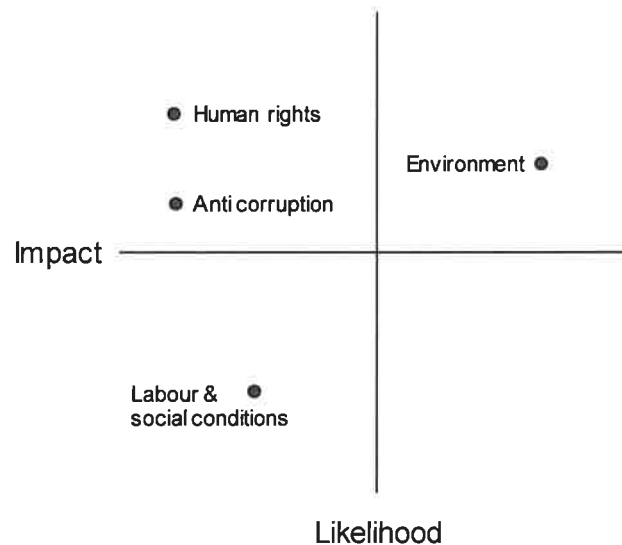
Gross profit in 2020 is in line with 2019 gross profit which is a very satisfactory result in the light of Covid-19 crisis. HAVI has been actively reducing personnel and aggressively cutting costs to counterbalance the Net sales decrease of 5,7%. The gross profit of 69.549 TDKK is in line with expectations.

The result of TDKK 6.692 before tax is in line with expectations, but lower than the 2019 result. The main reason is increase in staff expenses due to onetime severance payment partly offset by reduced personnel. Investment in increased capacities in 2019 is the reason for higher depreciation. The increase in other external expenses, which is full year leasing cost for new distribution center in Ishøj in 2020 vs. 2019 is TDKK 500.

5.5. Corporate Social responsibility

5.5.1. Determination of main risk areas

HL-DK has conducted a risk assessment based on the inside-out view to identify the main impacts and risks in the areas of human rights, environment, anti-corruption, labor- and social conditions. The risk assessment is based on a method where risks are identified as the likelihood and impact and the basic matrix score can be seen in the below matrix figure:



The risks are managed/mitigated through policies and standards which are defined by the group or locally within HL-DK. Policy/standards implementation, risk mitigation, actions and results are presented in the below.

5.5.2. Human rights

5.5.2.1. Policies

HL-DK is supporting and complies with the human rights as set out in the UN Declaration of Human Rights.

As it is both in the interest of HL-DK and its customers to comply with the human rights defined by UN, HL-DK is conducting the Supplier Workplace Accountability audit (SWAA) by means of an independent external auditor every second year.

Besides the SWAA, HL-DK follows the global HAVI policies related to human rights, being policies on Diversity, for the HAVI Values see <https://www.havi.com/who-we-are> and Code of Conduct.

According to The Diversity Policy, HL-DK is not allowed to discriminate based on color, nationality, sex, age, religion, disability, sexual orientation, or any other characteristic protected by law.

The Code of Conduct outlines that:

- UN declaration of human rights shall be followed, that HL-DK shall treat its employees fair and ensure a workplace free from discrimination and shall pay their employees per market standards and not below lawful wages.
- Workplace environment shall be safe, and all workers shall receive training on emergency procedures.
- Employees in HL-DK shall act with business integrity by being compliant with law, not be involved in any bribery, kickbacks, corruption, extortion, or embezzlement.

The SWAA describes guidelines to assist HL-DK within the following working conditions:

Hiring/Employment Practices

- Working Hours
- Compensation and Benefits
- Workplace Protections (Discrimination, Harassment & Abuse)
- Workplace Health and Safety
- Emergency Planning
- Environment
- Sourcing Practices

5.5.2.2. Actions and Results

To ensure compliance with human rights, every second year HL-DK is conducting the SWAA by means of an independent external auditor.

No SWAA has been conducted in 2020 due to the covid-19 crisis. The latest SWAA was conducted in 2018 with a result score of 100%.

HL-DK is also a member of the Dansk Arbejdsgiverforening (Danish employer association) and has signed and complies with union agreements for all work areas within the company.

Every second year a global employee satisfaction survey is conducted. This survey is conducted to get the employee perspective on their well-being. The results of the survey conducted in late 2019 have been posted on the company website early 2020 and show an overall flat development with no significant movement between 2017 and 2019. No area did decline during the survey, however, some areas did show a significant improvement but with no substantial impact on the overall result. These areas concern, direction, innovation, work process, respect, and pay & benefits. During 2020 a smaller survey has been conducted by random selected employees across all HAVI countries, which is used to show the development of the same areas as mentioned above between 2019 and 2020. The response rate of this survey is significantly smaller than previously. Mostly this survey shows overall improvements especially an improvement has been made in the diversity & inclusion area which is due to initiatives from global management. These initiatives will be discussed under chapter 5.5.4.2.

Furthermore, HAVI has established a global whistleblower hotline which is promoted to all employees by HL-DK. All employees have been informed how to get in touch with and how to report incidents to this hotline.

In 2020 no incidents related to HL-DK was reported to the Whistleblower hotline.

5.5.3. KPIs & Due Diligence

No specific KPIs are measured.

HL-DK has no formalized due diligence process related to CSR.

5.5.4. Labor and Social conditions

5.5.4.1. Policies

HL-DK's most important asset is its workforce and HL-DK is aiming at being known as a company taking care of its employees and actively contributing to job satisfaction, well-being, development, and safety.

HL-DK has a Job Satisfaction and Well-being Policy as well as a Health and Safety policy which are all covered in the employee handbook which the employee receives at the first day of employment.

5.5.4.2. Actions & Results

A big part of year 2020 were diversity & inclusion. Therefore, a series of global inclusion meetings and webinars were initiated in order to focus on sexism, racism and other kind of discrimination. The result of these efforts can be seen in the significant improvement of the diversity & inclusion area in the latest global employee survey from 2020.

Furthermore, an extensive ethical online platform, where employees can report unethical incidents regarding diversity & inclusion has been launched. This platform was introduced in 2020 with the "see something, say something" initiative which encourages employees to report any kind of incident when they see it. Reporting can be done anonymously or by name and will be handled by the ethical committee.

No incidents have been reported in 2020 regarding HL-DK on this platform.

S-AMO (Cooperation and Working Environment) meetings are being held on a quarterly basis and in each meeting topics as safety, job satisfaction and well-being of the employees are being discussed.

Every year performance appraisals are conducted. Besides performance, job satisfaction, education and future opportunities are evaluated.

A variety of safety trainings are conducted for relevant blue and white collars on a yearly basis.

Due to the covid-19 crisis, management quickly decided to create opportunities for employees to work from home, new equipment was made available to all white-collar employees so they could establish a full functioning home office. Furthermore, despite the negative financial development, the annual salary adjustment was kept in place as a symbol of recognition for the hard work all employees had to go through during the crisis and local lockdown.

Every second year a global employee satisfaction survey is conducted. Each year the global employee satisfaction survey is not conducted, a smaller employee satisfaction is conducted every quarter. The responders are selected at random and their answers are used to measure the development of employee satisfaction based on the results from the latest global employee satisfaction survey. The results of these surveys were discussed in chapter 5.5.2.2.

5.5.4.3. KPIs & Due Diligence

HL-DK is on a continuous basis measuring the:

- Illness rate
- No. of accidents at work and the no. of near miss accidents
- Fluctuation rate
- Safety trainings tracked via the HR management system

HL-DK has no formalized due diligence process related to CSR.

5.5.5. Environment

5.5.5.1. Policies

The guiding principles on environment are based on the Environmental Policy which outlines that HL-DK always must act in an environmentally responsible manner. Examples could be, when purchasing or replacing trucks, consideration must be put on potential environmental impact and route plans must be made with the aim of minimizing environmental impact.

5.5.5.2. Actions & Results

In 2020, HL-DK started working with replacement of the old cooling system to a more environmentally friendly and sustainable system. The last details are to be in order during 2021.

Driving in major cities requires trucks approved in accordance with EURO norm 6. Outside the cities there are no requirements as to EURO norms 6. In 2020 HL-DK had 17 trucks which are in accordance with EURO norm 6 as part of the HL-DK fleet. Furthermore, HL-DK have initiated a fuel consumption optimization project late 2020. By optimizing driving patterns, drivers are being measured on their driving performance and by doing that HL-DK have already optimized its fuel consumption. HL-DK expects to extend this initiative to cover all HL-DK's drivers.

As HL-DK are serving global customers, HL-DK's responsibility reaches further than just the borders of Denmark. For several years HL-DK has coordinated its transportation efforts with our Nordic business partners and made the Vejle DC a central hub for goods coming from the south to the north. This way, HL-DK reduces the carbon footprint for articles that are to be delivered from the south of Europe to the north as the articles are transported from the south to Vejle, bundled to full loads and then moved to the Nordic countries. In 2020 new initiatives were completed and implemented so this concept has been further optimized. This concept will continuously be optimized each year.

5.5.5.3. KPIs & Due Diligence

HL-DK reports a variety of KPIs related to the business impact on the environment to its head quarter and several are related to CSR. Amongst others HL-DK is on a continuous basis measuring the:

- Energy consumption:
 - Electricity consumption in kWh
 - Gas consumption in m3
 - Co2 emission in tons
- Km driven
- Diesel consumption per 100 km

HL-DK has no formalized due diligence process related to CSR.

5.5.6. Anti-corruption

5.5.6.1. Policies

HL-DK disassociates itself from corruption. The disassociation is expressed in the policies:

- The Ethical Business Conduct
- Code of Conduct, that is shared in the employee handbook and is shared with the HL-DK main suppliers

The Ethical Business Conduct and the Code of Conduct outlines that:

- Employees in HL-DK must act with business integrity by being compliant with law, not be involved in any bribery, kickbacks, corruption, extortion or embezzlement. All business activities shall be conducted with honesty, integrity, and in accordance with the moral, ethical and legal standards of the countries in which HL-DK conducts its business.

5.5.6.2. Actions & Results

HAVI has established a global whistleblower hotline which is promoted to all employees by HL-DK. All employees have been instructed how to get in touch with and how to report incidents to this hotline.

In 2020 no incidents related to HL-DK was reported to the Whistleblower hotline.

HAVI has established a yearly anti-bribery & anti-corruption training program which is completed by a group of random selected employees.

5.5.6.3. KPIs & Due Diligence

No specific KPIs are measured.

HL-DK has no formalized due diligence process related to CSR.

5.6. Particular risks

5.6.1. Currency risks

Activities abroad mean that result, cash flow and equity are affected by current exchange rates and interest developments. It is company policy to uncover commercial currency risks. The uncovering is primarily done by currency forward transactions to uncover expected turnover and procurement within the next 12 months. No currency speculation transactions are made.

5.6.2. Interest risks

Based on the business model and the liquidity resources in the group, management evaluates if moderate changes of interest level will have minor effects on the result. Therefore, no positions to cover interest risk is taken.

5.7. Development activities

The company does not have specific development activities.

5.8. Report on gender representation per section 99b of the Danish Financial Statements Act.

HL-DK is following the global gender representation policy provided by the HAVI Group LP which in short, directs HL-DK to employ the best qualified candidates to the job based on skill and qualifications. However, HAVI Logistics ApS are also to set up policies and targets for gender representation for the board of directors and management. In order to achieve these legal demands, HL-DK will work towards to increase the number of people of the underrepresented gender in both the board of directors and management and will always strive for gender equality unless it conflicts with the global policy regarding employing the best qualified candidate.

Target for gender representation for the boards of directors.

The board of directors have set a target that the percentage of member from the underrepresented gender shall at minimum be 33,33% under the condition that the total number of board members remain 3.

At the time of the financial reporting, the distribution of the board members based on gender is as follows:

- 100% male

The above-mentioned target has not been achieved during 2020 due to 2 female board members resigned from their position.

HL-DK will strive to achieve this target within 4 years and at fiscal year 2024 at the latest.

Target for gender representation for management.

At the time of the financial reporting, the distribution of management based on gender is as follows:

- 57 % male
- 43 % female

This distribution of gender within management is in line with the legal requirements and is therefore considered to be equal.

5.9. The expected development

2021 started within yet another COVID-19 lock-down. This lock-down will have a negative impact on the financial results of 2021, however as HAVI Global LP remain financially strong and well-positioned throughout the outbreak. HL-DK is serving well-established brands in the QSR industry. HL-DK largest customers and the broader QSR industry HAVI support, are well positioned to use their scale and capabilities to manage through this disruption. HAVI knows from history that we can expect our customers to recover the quickest and also gain market share as things return to a new normal. In order to provide short-term financial relief, the HAVI organization is focusing on limiting costs across all entities including HL-DK. Based on the above, HL-DK is confident that it will overcome this situation and keep supporting and serving customers throughout these hard times. As this is the second year of covid-19 HL-DK expects to recover faster from the current lock-down situation than in 2020.

6. Accounting policies

The annual report was prepared in accordance with the provisions of the Danish Financial Statements Act applying to big-sized enterprises of reporting Class C.

Accounting policies are consistent with last year.

6.1. Generally, about calculation and measurement

Revenue is included in the income statement on a continuous basis and value regulations of financial assets and liabilities are included. All costs, among those depreciations and devaluations are also included in the income statement.

Assets are included in the balance sheet when it is likely that financial advantages will accrue to the company and an authentic measurement of the asset value is possible.

Liabilities are included in the balance sheet when it is likely that future financial advantages will be deducted from the company and an authentic measurement of the liability is possible.

In the first calculation assets and liabilities are measured at cost price. Subsequently, assets and liabilities are measured in accordance with description for each item below.

By calculating and measuring, predictable losses and risks, appearing before the presentation of the annual report, are taken into consideration.

6.2. Foreign Currency

Foreign currencies are converted in accordance with the transaction day rate.

Receivables and debts in foreign currencies are converted in accordance with the exchange rate of the balance sheet date.

Foreign exchange rate adjustments are included in the income statement.

6.3. Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost price and are remeasured subsequently 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 recognized in the income statement unless the derivative financial instrument is designated and qualifies as hedge accounting, see below.

6.4. Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognized in retained earnings under equity about the effective portion of the hedge. The ineffective portion is recognized in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognized in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognized. The amount is recognized in the same item as the hedged transaction.

7. The income statement

7.1. Revenue

Revenue from the sale of commodities and finished goods is included in the income statement, when delivery and transfer of risk has taken place before year end.

Revenue is included exclusive of VAT and net of discounts relating to sales.

7.2. Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise raw materials and consumables used to achieve revenue for the year.

7.3. Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses etc.

7.4. Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

7.5. Financial entries

Financial entries include interest income and -expense, as well as fees and allowances in accordance with payment of company tax legislation on account.

7.6. Corporate tax of the year

Tax for the year consists of current tax for the year and deferred tax for the year. 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.

8. Balance Sheet

8.1. Tangible fixed assets

Hardware, equipment, furniture, and vehicles are valued at cost price minus accumulated depreciations.

The depreciation basis is cost price minus expected remaining value after ended useful life.

Linear depreciations are made based on the following valuation of the expected useful life of assets:

Hardware	3 years
Other Equipment	3 – 5 years
Furniture	12 years
Vehicles	3 - 10 years

Depreciation period and residual value are reassessed annually.

The carrying amounts of 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, the asset is written down to its lower recoverable amount.

8.2. Financial fixed assets

Financial fixed assets reflect payment of deposit for property lease agreements.

8.2.1. Inventory

Inventory is valued at cost price or net realization value if lower.

Cost price for commodities includes initial cost-plus purchase costs.

Net realization value for inventory is balanced as sales price minus defrayed costs to effectuate the sale and is fixed considering marketability, obsolescence and development in expected sales price.

8.2.2. Receivables

Receivables are balanced to nominal value minus possible provisions for anticipated losses.

8.2.3. Prepaid expenses

Prepaid expenses balanced under assets include paid expenses concerning subsequent financial year.

8.2.4. Liquidity

Cash includes cash at hand and in banks.

8.2.5. Equity

Dividend, expected to be paid out for the year, is shown as a separate entry under equity.

8.2.6. Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method for temporary differences between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The calculation is done on basis of intended use of the asset and settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forward, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on basis of current tax rules and rates at the date of the balance sheet when the deferred tax is expected to materialize into actual tax. Any changes in deferred tax due to changes in tax rates are recognized in the income statement.

8.2.7. Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year with an adjustment of tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme is recognized in the income statement in financial income and expenses.

8.2.8. Liabilities

Liabilities are measured at nominal value, corresponding to (or almost corresponding to) amortized cost price.

9. Cash flow statement

The cash flow statement reflects the company cash flow for the year, broken down in operating activities, investment activities and financing activities for the year, changes for the year in cash and cash at the beginning and end of the year.

9.1. Cash flow from operating activity

Cash flows from operating activities are calculated as the net profit for the year adjusted with non-cash operating items, changes in working capital and paid company tax.

9.2. Cash flow from investment activity

Cash flows from investment activities include payments related to purchase and sale of fixed assets.

9.3. Cash flow from financing activity

Cash flows from financing activity include raise of loans, repayment on interest-bearing debt and payment of dividend.

10. Calculation of Key figures

Key figures stated in the main- and key figure view are calculated as follows:

Gross margin	$\frac{\text{Gross result} \times 100}{\text{Net turnover}}$
Net profit ratio	$\frac{\text{Result of ordinary activities} \times 100}{\text{Net turnover}}$
Yield rate	$\frac{\text{Result of ordinary activities} \times 100}{\text{Average assets ex. financial assets}}$
Equity rate	$\frac{\text{Equity excl. minority shareholders, ultimo} \times 100}{\text{Total liabilities, ultimo}}$
Return on equity	$\frac{\text{Result for analysis purposes} \times 100}{\text{Average equity ex. minority shareholders}}$

Income statement January 1 - December 31

	Note	2020 DKK	2019 TDKK
Net Sales	1	1.121.111.199	1.188.837
Change in inventory reserve		-4.017.556	12.882
Other operating income		20.582.337	20.776
Purchased goods		-1.024.339.046	-1.109.523
Other external expenses		-43.788.140	-43.288
Gross profit		69.548.794	69.684
Staff expenses	2	-62.538.156	-62.063
Depreciations		-805.473	-610
Gains from sales of tangible assets		0	318
Operating profit		6.205.165	7.329
Financial income		699.931	546
Financial expenses		-213.149	-203
Profit before tax		6.691.947	7.672
Corporate tax for the year	3	-1.587.352	-2.108
PROFIT FOR THE YEAR	4	5.104.595	5.564

Balance sheet as per December 31.

ASSETS

	<u>Note</u>	<u>2020 DKK</u>	<u>2019 TDKK</u>
Other fixtures and fittings, tools and equipment		1.800.261	1.692
Leasehold Improvements		228.371	361
Tangible assets	5	<u>2.028.632</u>	<u>2.053</u>
Lessee deposit	6	3.568.920	3.629
Financial fixed assets		<u>3.568.920</u>	<u>3.629</u>
FIXED ASSETS		<u>5.597.552</u>	<u>5.682</u>
Inventory		54.536.499	58.554
Inventory		<u>54.536.499</u>	<u>58.554</u>
Trade accounts receivable		73.480.996	77.817
Receivables at group companies		230.139	730
Other receivables		1.137.039	643
Deferred tax	7	945.007	999
Prepaid expenses		2.976.296	779
Receivables		<u>78.769.477</u>	<u>80.968</u>
Cash at banks and in hand		<u>61.608.672</u>	<u>51.832</u>
CURRENT ASSETS		<u>194.914.648</u>	<u>191.354</u>
TOTAL ASSETS		<u>200.512.200</u>	<u>197.036</u>

Balance sheet as per December 31.

LIABILITIES

	<u>Note</u>	<u>2020 DKK</u>	<u>2019 TDKK</u>
Share capital		500.000	500
Dividend		5.104.595	5.564
Retained earnings		9.048.963	9.049
Equity		<u>14.653.558</u>	<u>15.113</u>
Trade accounts payable		116.366.353	128.792
Accounts payable to group companies		1.599.352	2.985
Corporation tax		248.872	630
Other payables		67.644.065	49.516
Short-term debt		<u>185.858.642</u>	<u>181.923</u>
TOTAL DEBTS		<u>185.858.642</u>	<u>181.923</u>
TOTAL LIABILITIES AND EQUITY		<u>200.512.200</u>	<u>197.036</u>

Net sales, geographical markets	1
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Statement of changes in equity

Equity

	<u>January 1,</u> 2020	<u>Dividend</u>	<u>Proposal for</u> appropriation of result	<u>December 31,</u> 2020
Share capital	500.000			500.000
Dividend	5.563.918	-5.563.918	5.104.595	5.104.595
Retained earnings	<u>9.048.963</u>	<u>0</u>	<u>0</u>	<u>9.048.963</u>
	<u>15.112.881</u>	<u>-5.563.918</u>	<u>5.104.595</u>	<u>14.653.558</u>

Cash flow statement

	Note	2020 DKK	2019 TDKK
Profit for the year		5.104.595	5.564
Adjustments	12	1.906.044	2.056
Change in cash flow from operation	13	<u>10.478.391</u>	<u>6.183</u>
Cash generated from ordinary operations, before financial cashflow		17.489.030	13.803
Interest income and similar		699.931	546
Interest expense and similar		<u>-213.149</u>	<u>-203</u>
Cash flows generated from ordinary activities		17.975.812	14.146
Paid income tax		<u>-1.913.684</u>	<u>-486</u>
Cash flow from operations activities (A)		<u>16.062.128</u>	<u>13.660</u>
Sale of financial fixed assets		59.944	-1.945
Purchase of tangible fixed assets		-781.171	-1.520
Sale of tangible fixed assets		<u>0</u>	<u>318</u>
Cash flows from investing activities (B)		<u>-721.227</u>	<u>-3.147</u>
Dividend paid		<u>-5.563.918</u>	<u>-8.391</u>
Cash flows from financing activities (C)		<u>-5.563.918</u>	<u>-8.391</u>
Change in cash (A + B + C)		9.776.983	2.122
Cash at the beginning of the year		<u>51.831.689</u>	<u>49.710</u>
Cash at the end of the year		<u>61.608.672</u>	<u>51.832</u>

Notes

1 Net sales, geographical markets

	2020	2019
	DKK	TDKK
Denmark	1.077.568.364	1.129.281
Other European countries	43.542.835	59.556

	1.121.111.199	1.188.837
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2 Employee conditions

Average number of employees	122	128
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Total staff expenses

Salaries and wages	50.581.750	49.583
Pension	7.523.137	7.540
Other social security expenses	518.014	511
Other personnel cost	3.915.255	4.429
	62.538.156	62.063

Remuneration to the executive and board of directors	3.212.359	3.550
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3 Corporate tax for the year

Tax of taxable income of the year	1.532.872	1.994
Adjustment of deferred taxation	54.480	114
	1.587.352	2.108

4 Proposed distribution of profit

Profit for the year	5.104.595	5.564
Transferred to carried forward profit	0	0

For disposition	5.104.595	5.564
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Dividend	5.104.595	5.564
Totally disposed	5.104.595	5.564

Notes

5 Tangible fixed assets

	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost January 1	2.106.567	16.038.293
Additions	0	678.630
Additions, assets under construction	0	102.540
Disposal	0	0
Cost December 31	2.106.567	16.819.463
Depreciations as per January 1	1.745.278	14.346.647
Depreciations in the year	132.918	672.555
Depreciations on disposals	0	0
Depreciations as per December 31	1.878.196	15.019.202
Net book value as per December 31	228.371	1.800.261
Depreciation period	3 years	3-10 years

Notes

6 Financial fixed assets

	Lessee deposit
Cost January 1	<u>3.628.864</u>
Disposal	<u>-59.944</u>
Cost December 31	<u>3.568.920</u>
Net book value as per December 31	<u>3.568.920</u>

7 Deferred tax

	2020	2019
	DKK	TDKK
Deferred tax asset at 1 januar	999.487	1.113
Amounts recognised in income statement	<u>-54.480</u>	<u>-114</u>
	<u>945.007</u>	<u>999</u>

8 Contingencies

Rental contracts

The company has entered into lease contracts with an annual rent of TDKK 9.180 thousand. The lease contract is non-cancellable up to 99-144 months.

Leases

The Company has entered into operating leases with a total remaining liability of TDKK 24.708

9 Mortgages and securities

As security for the Company's account with SKAT for tax a guarantee of kr. 40.000 has been placed.

Notes

10 Fee to auditors appointed at the general meeting

	2020	2019
	<u>TDKK</u>	<u>TDKK</u>
Audit fee to PricewaterhouseCoopers	125	110
Tax advisory services	28	25
Non-audit services	<u>4</u>	<u>54</u>
	<u>157</u>	<u>189</u>

11 Related parties

The company's related parties consist of the following:

Controlling interest

HGLP Alpha Holding
 LLC, Highland Landmark III
 3010 Highland Parkway
 Suite 400, Downers Grove
 Illinois 60515
 USA

Transactions

Sales and cost of goods and services to group companies are based on market terms.

Consolidated Financial Statements

The company is included in the Group Annual Report of HGLP Alpha Holding

The group Annual Report of HGLP Alpha Holding may be obtained at the address mentioned above.

Notes

	2020	2019
	DKK	TDKK
12 Cash flow statement - adjustments		
Other financial revenues	-699.931	-546
Other financial expenses	213.149	203
Depriciations	805.473	610
Gains from sale of tangible fixed assets	0	-318
Adjustments in deferred tax	54.480	114
Corporation tax for the year	1.532.872	1.994
Other adjustments	1	-1
	<u>1.906.044</u>	<u>2.056</u>
13 Cash flow statement - change in cash flow from operation		
Change in inventory	4.017.556	-12.882
Change in receivables	2.144.215	7.773
Change in short-term debt	4.316.620	11.292
	<u>10.478.391</u>	<u>6.183</u>
14 Subsequent events		

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.