# Annual report

# 2019

REFRESH AND DELIGHT

CO-RO Holding A/S
CVR no. 14 79 06 08
Holmensvej 11,
DK-3600 Frederikssund

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# MANAGEMENT REVIEW

# Letter from the CEO

Foto: Gregers Tycho/Ritzau/Ritzau Scanpix

2019 was an eventful year for the CO-RO Group. A year where we established 3 new companies in China, Iraq & Bangladesh – launched the exiting new brand MashUp – implemented a new ERP system – all while moving into our new Innovation Centre and Headquarter, the CO-RO Oval, in Frederikssund.

We proudly have grown both Revenue, EBIT and Cash Flow in 2019 compared to last year. Our net profit increased by 61% to 160.1 mDKK, helped by high returns on securities. But we also experienced headwinds with the introduction of a huge 50% Excise Tax on all sweetened beverages (including CO-RO's products) in Saudi Arabia and the UAE late in the year.

**Driving our Innovation and Brand building agenda**
During the year, we saw strong performance in Europe, Asia and Africa - mainly driven by our innovation agenda, as we launched more than 40 new products, including several new low-calorie offerings such as Sun Cola Zero and our new exciting MashUp brand. However, the challenging market situation in the Middle East region continued in 2019 which led to lower sales in our biggest market, Saudi Arabia.

Brand wise, we have in 2019 seen a good progress in **Sunquick**, which benefited from a new visual ID roll-out, great innovations and success in especially Malaysia, Iraq and Germany. **Suntop** on the other hand had a difficult year due to decline in Saudi – but brand health measures improved, and we gained market share in most markets. **Sun Lolly** had another great year across our European markets and was introduced in Korea and China.

**Focus on People and Partnerships**
In 2019, we increased focus on our people agenda. During the year we again welcomed numerous new great colleagues and we increased investments in staff training and engagement, including a new global talent program and a new health program in Denmark.

A significant part of CO-RO's revenue is generated through collaboration with our partners in our key markets. In August 2019 we held our first ever Global Partner event, and more than 80 great partners came from all over the world and helped us celebrate the opening of the CO-RO Oval. Furthermore, during the year, we made strategic investments in expanding our partnerships in **Iraq** and **China** and entered a new exciting partnership in **Bangladesh**.

We believe our continued focus and investments in Innovation, Brands, People and Partnerships will help balance our global footprint and increase our organizational capabilities.

**Challenging 2020 outlook**
The introduction of the 50% Excise tax in Saudi Arabia and the UAE is expected to lead to a steep decline in category volume in these markets. Furthermore, the Covid19 outbreak is expected to have significant negative effect on our sales in the foodservice and other "out-of-home" channels.

Management therefore expects 2020 to be a very challenging year, especially for our big businesses in the Middle East and Asia. On the positive side, our new partnerships, innovations and market expansions will help off-set part of the decline.

Søren Holm Jensen, CEO

# Highlights 2019

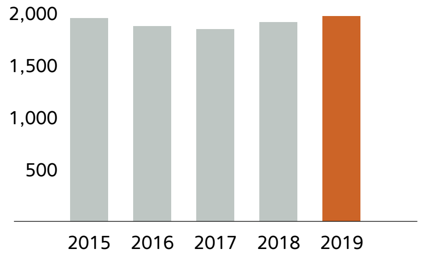
## PRINCIPAL AND KEY FIGURES

| (tDKK) | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Profit and loss statement** | | | | | |
| Revenue | 1,970,789 | 1,914,241 | 1,846,524 | 1,873,853 | 1,952,969 |
| Gross profit | 692,689 | 640,865 | 630,806 | 701,795 | 820,963 |
| Oper. profit before deprec. and amortisations (EBITDA) | 281,360 | 260,919 | 269,903 | 353,418 | 391,916 |
| Operating profit (EBIT) | 157,532 | 150,451 | 180,782 | 270,612 | 313,038 |
| Net financials | 45,710 | -11,711 | 39,449 | 31,667 | 13,412 |
| Profit for the year | 160,073 | 99,639 | 179,680 | 248,666 | 260,665 |
| **Balance sheet** | | | | | |
| Balance sheet total | 2,813,753 | 2,589,976 | 2,403,828 | 2,278,919 | 2,035,704 |
| Investments in tangible fixed assets | 117,464 | 180,599 | 202,414 | 167,789 | 144,141 |
| Equity capital | 2,272,300 | 2,119,394 | 2,061,645 | 1,947,350 | 1,695,087 |
| **Employees** | | | | | |
| Average number of full-time employees | 1,242 | 1,280 | 1,143 | 1,109 | 1,107 |
| **Key figures (%)** [1] | | | | | |
| Return on assets | 5.8 | 6.0 | 7.7 | 12.5 | 16.7 |
| Return on equity capital | 6.3 | 3.7 | 8.0 | 11.9 | 15.2 |
| Solvency ratio | 68.9 | 69.9 | 73.0 | 72.3 | 71.4 |

[1] For key figure definitions see the section on applied accounting practice.

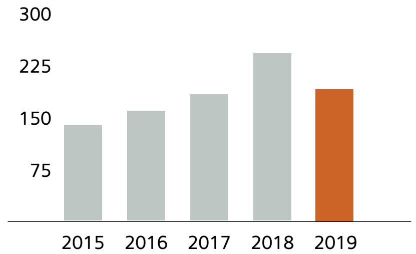
**1,971**

**Revenue**
mDKK



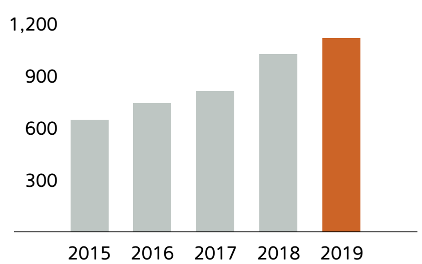

**169.6**

**Investments in assets**
mDKK



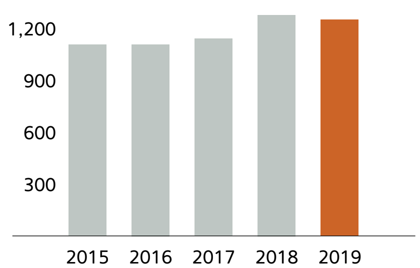

**1,114**

**Total fixed assets**
mDKK

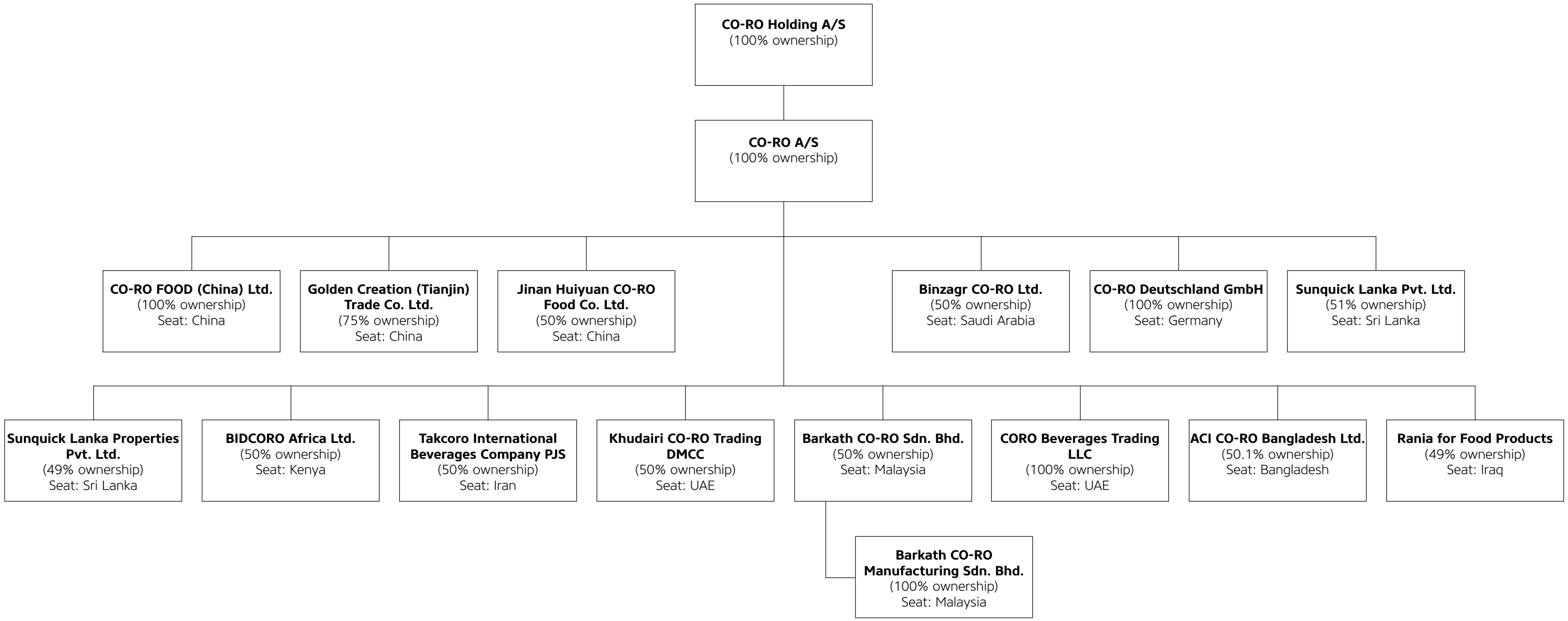



**1,242**

**Average number of full-time employees**



# Company details




**Board of directors CO-RO Holding A/S:**
Michael Ring (Chairman)
Jens Albert Harsaae (Vice chairman)
Torsten Steenholt Christensen
Per Falholt
Sisse Fjelsted Rasmussen
Vibeke Bak Solok

**CO-RO Holding A/S**
Holmensvej 11
DK-3600 Frederikssund
Phone: +45 47 36 51 00
Fax: +45 47 38 38 88
CVR no.: 14 79 06 08
Established: 9 October 1990
Municipality of registred office: Frederikssund
Financial year: 1 January - 31 December

**Executive board:**
Søren Holm Jensen

**Auditors:**
Ernst & Young
Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
DK-2000 Frederiksberg

**Ownership:**
CO-ROs FOND
Holmensvej 11
DK-3600 Frederikssund


# Management review

## PRINCIPAL ACTIVITY OF THE COMPANY

The CO-RO Group manufactures, markets and sells still drinks, concentrates and home-freeze popsicles. The majority of the products are marketed outside of Denmark. Production of compound is done in Denmark – conversion to finished products happens in the various entities with the CO-RO Group.

**7.8%**

Growth in reported EBITDA vs Last Year

## DEVELOPMENT IN THE FINANCIAL YEAR 2019

**Financial result for the year**

The CO-RO Group revenue ended at 1,971 mDKK in 2019 – an increase of 3% over 2018 and in line with expectations. The increase is driven by full year effect of an acquisition in China, favorable FX rates and volume growth in Asia, Europe and Africa, whereas the market situation in the Middle East, CO-RO's biggest region, worsened in 2019 leading to decline in revenue in this region. Group Revenue measured in comparable FX thus ended at the same level as in 2018.

A strong efficiency agenda coupled with beneficial commodity prices, helped deliver EBITDA growth of almost 8% compared to 2018.

Continued high investments in capacity expansion, the new Innovation Centre in Denmark and implementation of a new ERP system increased depreciations/amortizations in 2019 by 19 mDKK compared to the year before. Reported operating profit (EBIT) ended at 157.6 mDKK which is an increase of 4.7% over 2018, in line with expectations.

Net Financials ended at 45.7 mDKK against -11.7 mDKK last year driven by a very strong return on Securities, leading to a profit before tax of 203.2 mDKK in 2019, which is an increase of 46% vs the year before. Net profit after tax grew from 99,6 mDKK to 160,1 mDKK, a very satisfactory increase of 60% compared to 2018.

It is the view of management that the Group's activities and results in 2019 have been overall satisfactory in view of the tough market situation in Middle East & China, and the Group is in a financially and operationally strong position to take advantage of future growth opportunities.

**Balance Sheet, Investments & Cash Flow**

CO-RO Group total assets at December 31st, 2019 amounted to 2,814 mDKK against 2,590 mDKK in 2018.

During 2019, CO-RO invested 50 mDKK in a new ERP software based on latest technology thus creating a scalable, global solution for futureproofing our back-end systems and capabilities.

Furthermore, expansion and upgrades on equipment and buildings were continued throughout our production network with special emphasis on a Ready-To-Drink line in Sri Lanka as well as a significant investment in new and updated warehouse facilities in Saudi – all in all investments of +120 mDKK done in 2019. All investments done in 2019 are funded internally.

Working capital increases slightly to 378.1 mDKK corresponding to 19.2% of Net Sales, slightly above 2018 but in line with management's expectations.

Consolidated cash flow from operation, investment and financing activities amounted to an inflow of 119 mDKK in 2019 compared to a net outflow of 130 mDKK in 2018. The strong cashflow in 2019 is a result of strong return on securities, no major acquisitions done as well as higher EBITDA for the year.

**68.9%**

Strong solvency for future growth and investments


CO-RO Groups solvency-rate remains high at 68.9% providing a strong base for future growth and investments.

**Development in the parent company**
The parent company has created a profit after tax of 118.9 mDKK – in line with expectations.

No facts or events have occurred in the financial year in the parent company which do not appear in the management report for the group.

## 2020 OUTLOOK

In December 2019, a 50% excise tax on all sweetened beverages was introduced in Saudi Arabia and the UAE, which will have significant effect on our 2020 sales in these markets. Furthermore, the global Covid19 outbreak is expected to impact our sales in the foodservice and other "out-of-home" channels. Management therefore expects 2020 to be a very challenging year, especially for our main businesses in the Middle East and Asia.

For 2020 Revenue is therefore expected to be lower than in 2019. Profit after tax is expected positive, but significantly lower than in 2019 due to the above circumstances. For the parent company, a similar decline is expected.

**Events after the end of the financial year**
The outbreak of the COVID19 virus have continued to evolve after the balance sheet date, and now poses a significant risk to Managements expectations on financial results for 2020. We estimate a significant impact on our China Business, as we mainly operate in the HORECA sector, which is among the most severely affected. Ripple effects from closed borders, school closedowns, population quarantines etc. adds to the total risk imposed on CO-RO.

## RISKS

### General risks

CO-RO uses raw materials that are affected by significant price fluctuations. This is a risk factor since there may be a time lag between the time where price fluctuations take place and the date when the changes can be included into the price of the finished products in the market.

Several of the Group's main markets are in the Middle East that has relatively high geopolitical unrest. Furthermore, legislative changes on sugar-content are seen increasingly across our markets. The Group is aware of these risks and has performed corrective measures but may nevertheless be affected by it.

As a result of the expected challenging market conditions in 2020 management has assessed the valuation of the Group's assets for each cash generating unit (CGU). The assessment has not led to any impairment. Reference is made to note 12.

### Financial risks

The Group's activities mean that the financial result, cash flows and equity capital are affected by the exchange rate and interest rate trends for several currencies. Transactions are mainly in EUR, USD, SAR, CNY and MYR. It is company policy not to hedge against currency risks. Exchange rate risks related to investments in affiliated enterprises abroad are not hedged.

## KNOWLEDGE RESOURCES

CO-RO employs many employees with specialist knowledge in the development, production and distribution of the Group's products, who are essential for its ability to maintain market position. Through targeted recruitment, training and instruction of CO-RO employees, the Group spends considerable resources to attract, retain and develop competent employees.

## CSR

CO-RO have published the CSR report for 2019 on our website according to §99a and §99b of the Danish Financial Statements Act.

The CSR report as well as our Code of Conduct can be found at www.co-ro.com/CSR

**45,000**

SunLolly Juice drinks donated to Cirkus Summarum in 2019

# FINANCIAL STATEMENTS

# Statement by management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of CO-RO HOLDING A/S for the financial year 1 January – 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2019.

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

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

Frederikssund, 13 May 2020

**Executive Board**

Søren Holm Jensen

**Board of Directors**

Michael Ring
(Chairman)

Jens Albert Harsaae
(Vice chairman)

Torsten Steenholt Christensen

Sisse Fjelsted Rasmussen

Per Falholt

Vibeke Bak Solok

# Independent auditor's report

To the shareholders of CO-RO HOLDING A/S

**Opinion**

We have audited the consolidated financial statements and the parent company financial statements of CO-RO HOLDING A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and 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 consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent 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 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 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Statement on the Management'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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 13 May 2020

ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised Public Accountant
mne33717

Dennis Dupont
State Authorised Public Accountant
mne36192

# The profit and loss statement
## for 1 January to 31 December

| | | Parent company | | Group | |
|---|---|---|---|---|---|
| (tDKK) | Note | 2019 | 2018 | 2019 | 2018 |
| **Revenue** | 2 | **0** | **0** | **1,970,789** | **1,914,241** |
| Production costs | 3 | 0 | 0 | -1,278,100 | -1,273,376 |
| **Gross profit** | | **0** | **0** | **692,689** | **640,865** |
| Distribution costs | 3 | 0 | 0 | -379,801 | -346,280 |
| Administrative costs | 3 | -24 | -29 | -164,444 | -148,243 |
| Other operating income | 4 | 0 | 0 | 9,449 | 4,544 |
| Other operating costs | 5 | 0 | 0 | -361 | -435 |
| **Operating profit (EBIT)** | | **-24** | **-29** | **157,532** | **150,451** |
| Income from equity investments in Group companies | 6 | 67.729 | 78,305 | 0 | 0 |
| Financial income | 7 | 65,821 | 29,089 | 73,784 | 42,948 |
| Financial expenses | 8 | -148 | -46,097 | -28,074 | -54,659 |
| **Profit before tax** | | **133,378** | **61,268** | **203,242** | **138,739** |
| Tax on ordinary profit | 9 | -14,443 | 5,397 | -43,169 | -39,100 |
| **Net profit for the year** | | **118,935** | **66,665** | **160,073** | **99,639** |
| The profit of the group is distributed as follows: | | | | | |
| Shareholders in CO-RO A/S | | | | 118,935 | 66,665 |
| Minority interests | | | | 41,138 | 32,974 |
| **Net profit for the year** | | | | **160,073** | **99,639** |

# **Balance sheet** of 31 December

## Assets

| (tDKK) | Note | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|---|
| Acquired software rights | | 0 | 0 | 51,821 | 2,772 |
| Goodwill | | 0 | 0 | 65,765 | 67,990 |
| **Intangible assets** | 10 | **0** | **0** | **117,586** | **70,762** |
| Land and buildings | | 0 | 0 | 395,129 | 314,835 |
| Production facility and machinery | | 0 | 0 | 403,578 | 451,902 |
| Other facilities, operating equipment and equipment | | 0 | 0 | 33,623 | 25,887 |
| Tangible fixed assets under construction and advance payments for tangible fixed assets | | 0 | 0 | 115,940 | 150,522 |
| **Tangible assets** | 11 | **0** | **0** | **948,270** | **943,146** |
| Investments in Group companies | | 1,042,003 | 964,104 | 0 | 0 |
| Deposit | | 0 | 0 | 38,220 | 0 |
| Other receivables | | 0 | 0 | 9,800 | 9,094 |
| **Financial fixed assets** | 12 | **1,042,003** | **964,104** | **48,020** | **9,094** |
| **Fixed assets** | | **1,042,003** | **964,104** | **1,113,876** | **1,023,002** |
| Raw materials and consumables | | 0 | 0 | 137,757 | 116,582 |
| Work in progress | | 0 | 0 | 7,289 | 42,781 |
| Finished goods and commercial goods | | 0 | 0 | 92,929 | 98,656 |
| Advance payment for goods | | 0 | 0 | 18,405 | 25,940 |
| **Inventories** | | **0** | **0** | **256,380** | **283,959** |
| Receivables from sales and services | | 0 | 0 | 223,389 | 205,692 |
| Company tax | | 5,224 | 18,302 | 14,770 | 25,354 |
| Receivables with Group companies | | 32,685 | 31,016 | 0 | 0 |
| Deferred tax asset | 14 | 0 | 0 | 16,600 | 18,988 |
| Other amounts receivable | | 0 | 0 | 88,053 | 73,530 |
| Accruals and deferred expenses | 13 | 0 | 0 | 23,591 | 11,336 |
| **Receivables** | | **37,909** | **49,318** | **366,403** | **334,900** |
| **Securities** | | **848,000** | **796,484** | **848,000** | **796,484** |
| **Cash and cash equivalents** | | **15,206** | **5,603** | **229,094** | **151,631** |
| **Current assets** | | **901,115** | **851,406** | **1,699,877** | **1,566,974** |
| **Assets** | | **1,943,118** | **1,815,510** | **2,813,753** | **2,589,976** |

# **Balance sheet** of 31 December

## Liabilities

| (tDKK) | Note | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|---|
| Share capital | | 50,000 | 50,000 | 50,000 | 50,000 |
| Reserve for net revaluation in accordance with the equity method | | 969,072 | 891,173 | 0 | 0 |
| Reserve for development costs | | 0 | 0 | 39,500 | 0 |
| Transferred profit | | 919,530 | 868,324 | 1,849,102 | 1,759,497 |
| Proposed dividend for the financial year | | 0 | 0 | 0 | 0 |
| Shareholders in CO-RO A/S' share of the equity capital | | 1,938,602 | 1,809,497 | 1,938,602 | 1,809,497 |
| Minority interests | 16 | 0 | 0 | 333,698 | 309,898 |
| **Equity capital total** | 14 | **1,938,602** | **1,809,497** | **2,272,300** | **2,119,395** |
| Provision for pensions and similar | 17 | 0 | 0 | 27,236 | 27,863 |
| Provision for deferred tax | 18 | 0 | 0 | 20,993 | 11,887 |
| Other Credit institutions | | 0 | 0 | 7,472 | 0 |
| **Provisions** | | **0** | **0** | **55,701** | **39,750** |
| Prepayments received from customers | | 0 | 0 | 11,681 | 4,415 |
| Other Credit institutions | | 0 | 0 | 81,640 | 71,532 |
| Suppliers of goods and services | | 0 | 0 | 101,689 | 124,444 |
| Company tax | | 0 | 0 | 6,699 | 4,792 |
| Other debts | | 4,516 | 6,013 | 284,043 | 225,648 |
| **Short-term debt liabilities** | | **4,516** | **6,013** | **485,752** | **430,831** |
| **Debt liabilities** | | **4,516** | **6,013** | **485,752** | **430,831** |
| **Liabilities** | | **1,943,118** | **1,815,510** | **2,813,753** | **2,589,976** |

| | |
|---|---|
| Contingencies and other finacial obligations | 19 |
| Related parties | 20 |
| Remuneration of the auditor elected by the general assembly | 21 |

# **Statement of changes in equity** of 31 December

## Group

| (tDKK) | Share capital | Retained earnings incl. Revaluation reserves | Reserve for development costs | In all | Minority interests | Equity capital in total |
|---|---|---|---|---|---|---|
| **Equity capital 1 January 2018** | **50,000** | **1,705,221** | **0** | **1,755,221** | **306,424** | **2,061,645** |
| New entries and disposals | 0 | 0 | 0 | 0 | 26,717 | 26,717 |
| Dividend paid | 0 | -10,000 | 0 | -10,000 | -67,733 | -77,733 |
| Allocation of the profit | 0 | 66,665 | 0 | 66,665 | 32,974 | 99,639 |
| Rate Adjustment etc., for Group companies | 0 | -2,389 | 0 | -2,389 | 11,516 | 9,127 |
| **Equity capital 1 January 2019** | **50,000** | **1,759,497** | **0** | **1,809,497** | **309,898** | **2,119,395** |
| New entries and disposals | 0 | 0 | 0 | 0 | 17,290 | 17,290 |
| Dividend paid | 0 | 0 | 0 | 0 | -42,626 | -42,626 |
| Allocation of the profit | 0 | 79,435 | 39,500 | 118,935 | 41,138 | 160,073 |
| Rate Adjustment etc., for Group companies | 0 | 10,170 | 0 | 10,170 | 7,998 | 18,168 |
| **Equity capital 31 December 2019** | **50,000** | **1,849,102** | **39,500** | **1,938,602** | **333,698** | **2,272,300** |

# **Statement of changes in equity**
# of 31 December

## Parent company

| (tDKK) | Share capital | Reserve for net revaluation in accordance with the equity method | Retained earnings | Proposed dividend | In all |
|---|---|---|---|---|---|
| **Equity capital 1. januar 2018** | **50,000** | **825,257** | **869,964** | **10,000** | **1,755,221** |
| Dividend paid | 0 | 0 | 0 | -10,000 | -10,000 |
| Allocation of the profit | 0 | 68,305 | -1,640 | 0 | 66,665 |
| Rate Adjustment etc., for Group companies | 0 | -2,389 | 0 | 0 | -2,389 |
| **Equity capital 1 January 2019** | **50,000** | **891,173** | **868,324** | **0** | **1,809,497** |
| Dividend paid | 0 | 0 | 0 | 0 | 0 |
| Allocation of the profit | 0 | 67,729 | 51,206 | 0 | 118,935 |
| Rate Adjustment etc., for Group companies | 0 | 10,170 | 0 | 0 | 10,170 |
| **Equity capital 31 December 2019** | **50,000** | **969,072** | **919,530** | **0** | **1,938,602** |

# Cash flow statement
## for the Group of 1 January to 31 December

| (tDKK) | Note | 2019 | 2018 |
|---|---|---|---|
| Profit before net financials | | 157,532 | 150,451 |
| Amortisation/depreciation charges | | 129,507 | 110,476 |
| Other adjustments of non-cash operating items | | -11,334 | 0 |
| Cash generated from operations before changes in working capital | | 275,705 | 260,927 |
| Changes in working capital | 22 | 26,075 | -34,776 |
| Cash generated from operations | | 301,780 | 226,151 |
| Interest received | | 73,734 | 42,948 |
| Interest paid | | -18,352 | -54,659 |
| Income taxes paid | | -24,525 | -38,613 |
| **Cash flows from operating activities** | | **332,637** | **175,827** |
| Acquisition of intangible assets | | -52,089 | -1,334 |
| Acquisition of property, plant and equipment | | -117,464 | -180,599 |
| Disposal of property, plant and equipment | | 8,773 | 1,403 |
| Acquisition of subsidiaries | 23 | 0 | -74,585 |
| Capital injection | | 20,472 | 26,717 |
| **Cash flows from investing activities** | | **-140,308** | **-228,397** |
| Loan financing: | | | |
| Proceeds of debt related to non-current liabilities | | 7,472 | 0 |
| Deposit of bank facilities | | -38,220 | 0 |
| Shareholders: | | | |
| Dividend distribution | | -42,627 | -77,733 |
| **Cash flows from financing activities** | | **-73,375** | **-77,733** |
| **Net cash flows** | | | |
| Cash and cash equivalents, beginning of year | 24 | 876,500 | 1,006,887 |
| Net change in cash and cash equivalents | | 118,954 | -130,304 |
| **Cash and cash equivalents, year-end** | 24 | **995,454** | **876,583** |

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

# Notes

## 1. Accounting policies

The annual report of CO-RO Holding A/S for 2019 has been presented in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared in accordance wit the same accounting policies as last year.

**General about recognition and measurement**
Income is recognized in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortization, depreciation and impairment losses, are recognized in the income statement when the amounts related to the financial year.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when the company as a result of a past event has a legal or actual obligation, and it is likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting.

In respect to recognition and measurement, consideration are given to predictable risks and losses that occur before the Financial Statements are presented, and which confirm or refute conditions that existed on the balance sheet date.

**Consolidated Financial Statements**
The consolidated financial statements comprise CO-RO HOLDING A/S (the parent company) and subsidiaries controlled by CO-RO HOLDING A/S. Control means the power to exercise decisive influence over a subsidiary's financial and operating decisions. Moreover, the possibility of yielding a return from the investment is required.

In assessing if the Parent Company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity may become empowered to exercise decisive influence over another entity's financial and operating decisions.

Investments in which CO-RO has joint control are classified as joint ventures.

**Consolidation principles**
The consolidated financial statements have been prepared as a consolidation of the Parent Company's and the individual subsidiaries' financial statements, which are prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realized and unrealized gains on intra-group transactions are eliminated.

The proportionate share of results of joint ventures after tax is recognized in the consolidated income statement, after elimination of the proportionate share of unrealized intra-group profit or loss.

In the consolidated financial statements, the items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the Group's profit/loss and equity, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognized directly in equity as a transaction between shareholders.

**Foreign currency translation**
Transactions in foreign currency are converted at first recognition at the exchange rate of the transaction day. Currency exchange rate differences that arise between the rate on the transaction day and the rate on the day of payment, shall be included in the profit and loss account as a financial item.

Outstanding amounts, debt and other monetary items in foreign currency shall be converted to the currency rate on balance day. The difference between the balance sheet date's rate and the rate at the time of the creation of the outstanding amount or debt obligation or their inclusion in the latest annual accounts are included in the profit and loss account under financial income and costs.

Foreign subsidiaries are considered to be independent units. The profit and loss statements shall be converted into an average exchange rate for the month, and the balance sheet items shall be converted into the currency rates of the balance day. Exchange rate differences that have arisen through the conversion of equity capital of foreign subsidiaries at the beginning of the year to the currency rates of the balance day and by the conversion of average rates to the currency rates of the balance day are included directly into the equity capital.

# Notes

## 1. Accounting policies (continued)

Currency rate adjustment of outstanding accounts with independent foreign subsidiary companies that are considered part of the total investment in the subsidiary company, are included directly in the equity capital. Equivalently, exchange rate gains and losses on loans and derived financial instruments that have been concluded in order to hedge foreign subsidiary companies, are included directly in the equity capital.

In the case of recognition of foreign subsidiaries that are integrated units, monetary items are converted at the exchange rate on the balance day. Non-monetary items are converted at the exchange rate at the time of purchase, or at the time of the subsequent appreciation or depreciation of the asset. Items on the profit and loss account are converted at the transaction day rate, since items derived from non-monetary items are however converted at historic rates for the non-monetary item.

**Business combinations**
Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the Group actually obtains control of the acquiree.

The purchase method is applied to acquisitions of new businesses over which the Group obtains control. The acquired businesses' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities in the group are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities, contingent liabilities or the determination of the consideration is Group with uncertainty, initial recognition will take place on the basis of provisional values. If it turns out subsequently that the identification or measurement of the purchase consideration, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from divestment or winding-up of subsidiaries which imply that control is no longer maintained are calculated as the difference between, on the one hand, the selling price less selling expenses and, on the other hand, the proportionate share of the carrying amount of net assets. If the entity still holds equity investments in the divested entity, the remaining proportionate share of the carrying amount forms the basis for the measurement of equity investments in Groups or securities and equity investments.

**Non-controlling interests**
On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' ownership share or at the non-controlling interests' proportionate share of the fair value of the

# Notes

## 1. Accounting policies (continued)

acquired entity's identifiable assets, liabilities and contingent liabilities.

**Intra-group business combinations**
The book value method is applied to business combinations such as acquisition and disposal of equity investments, mergers, demergers, additions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are taken directly to equity.

**The profit and loss statement**

**Revenue**
The company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods and finished goods is recognized in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. Revenue is measured net of all types of discounts/rebates, VAT and other indirect taxes in connection with the sale, and are measured at the current value of the remuneration.

**Production costs**
Production costs include direct and indirect costs borne to achieve the revenue. In the production costs are included costs of raw materials, consumables, production personnel, indirect production costs and depreciation on production facilities.

**Distribution costs**
Distribution costs include costs incurred for the distribution of sold products and for sales campaigns, including costs for sales and distribution staff, advertising costs and depreciation.

**Administration costs**
Administration costs include costs incurred for the management and administration of the company, including costs for the administrative staff and management, as well as office costs and depreciation.

**Other operating income and operating costs**
Other operating income and operating costs include revenue and costs of a secondary nature in relation to the company's main activities, including public subsidies, rent and licensing income etc. as well as the profit or loss incurred by the sale of fixed assets.

**Income from equity investments in Group companies**
Income from equity investments in Group companies are included and measured according to the equity method, which implies that the capital shares are measured as the proportional share of the companies' internal accountable value.

In the profit and loss account, the company's share of the profit of the companies is included after elimination of internal profits.

Net revaluation of capital shares in Group companies is transferred in connection with the allocation of the results to reserve for net revaluation by the equity method under the equity capital.

**Financial income and expenses**
Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses on securities, payables and transactions denominated in foreign currencies as well as surcharge and refunds under the on-account tax scheme, etc.

**Tax for the year**
CO-RO Holding A/S is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The Parent Company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge – including changes arising from changes in tax rates – is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

# Notes

## 1. Accounting policies (continued)

**The balance sheet**

**Intangible assets**

**Goodwill**
Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years. The amortisation period is fixed on the basis of the expected repayment horizon, longest for strategically acquired business enterprises with strong market positions and long-term earnings profiles.

**Intangible fixed assets**
Intangible fixed assets include acquired intellectual property rights, such as software and licenses.

Acquired intangible property rights are depreciated over 7 years and are measured at cost price after deduction of accumulated depreciations and deductions. Licenses are depreciated over 3 years.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the 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 net 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.

**Tangible fixed assets**
Land and buildings, production facilities and machinery and other facilities, operating equipment and equipment is measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchases price and any costs directly attributable to the acquisition until the date when the assets is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

| | Expected service life | Scrap value |
|---|---|---|
| Buildings | 20-40 years | DKK 0 |
| Production plants and machinery | 3-10 years | DKK 0 |
| Other installations, operating equipment and inventory | 3-10 years | DKK 0 |
| Dispencers | 5 years | DKK 0 |

The basis of 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 time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

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

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of items of tangible assets are calculated as the difference between the selling price less costs to sell and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. Assets are written down to the lower of the carrying amount and the 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 net 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.

# Notes

## 1. Accounting policies (continued)

**Leases**
The Group has only operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

**Investments in subsidiaries**
Investments in subsidiaries are measured according to the equity method in the parent company financial statements. This implies that the equity ratios are measured at the proportionate share of the accounting equity value of the companies with the addition or deduction of unamortised positive and negative goodwill, respectively, with deduction or addition of unrealised intra-group profits and losses.

In the profit and loss statement, the company's share of the company's profit is included after elimination of unrealised intra-group profits and with the deduction or addition of depreciation of goodwill and negative goodwill, respectively.

Subsidiaries with negative accounting equity value are measured at zero, and any receivables from these companies are written down by the company's share of the negative equity value to the extent that it is assessed irrecoverable. If the accounting negative equity value exceeds the receivable, the remaining amount is included under provisions to the extent that the company has a legal or actual obligation to cover the liabilities of the company in question.

Net revaluation of investments in subsidiaries are transferred in connection with the allocation of results for reserves for net revaluation using the equity method under equity.

**Investments in joint ventures**
Investments in which CO-RO has joint control are classified as joint ventures. Investments in joint ventures are measured according to the equity method at the proportionate share of the entities' net asset values in the parent company financial statements. This implies that the equity ratios are measured at the proportionate share of the accounting equity value of the Joint ventures with the addition or deduction of unamortised positive and negative goodwill, respectively, with deduction or addition of unrealised intra-group profits and losses.

In the profit and loss statement, the company's share of the joint ventures profit is included after elimination of unrealised intra-group profits and with the deduction or addition of depreciation of goodwill and negative goodwill, respectively.

**Impairment of investments**
Impairment tests are conducted on investments in Group companies when there is evidence of impairment. Investments in subsidiaries and associates are written down to the lower of the carrying amount and the 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 net 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.

**Other assets**
Receivables included under fixed assets include long-term leasing rights on land abroad. These shall be measured by the first inclusion at cost price and shall be amortised over the period of the lease.

**Inventories**
Inventories are measured at cost price, calculated in accordance with the FIFO or net realizable value where this is lower.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

**Receivables**
Receivables shall be measured at amortised cost, which usually corresponds to the nominal value less any impairment losses to meet expected depreciation.

**Prepayments**
Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

# Notes

## 1. Accounting policies (continued)

**Cash**
Cash comprises cash balances and bank balances.

**Securities and investments**
Securities included under current assets include listed securities that are measured at fair value (market price) at the balance sheet date.

**Equity capital**

**Reserve for net revaluation according to the equity method**
Net revaluation of investment in Group companies is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity 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 transferred profit reserve under equity.

**Dividend**
Dividend proposed for the year is recognised as a liability at the date when it is adopted at the general meeting (declaration date). Dividend expected to be distributed for the year is disclosed as a separate item under equity.

**Income tax and deferred tax**
Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet 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 or on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting neither the profit/loss for the year nor the 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 assets, including the tax base of tax loss carry-forwards, 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 and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

**Provisions**
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at net realisable value or fair value.

Provisions include employee liabilities which must be paid upon termination in accordance with local legislation.

**Other financial liabilities**
Other financial liabilities shall be measured at amortised cost, which usually corresponds to the nominal value.

Other liabilities are measured at net realisable value.

**Prepayments received from customers**
Prepayments received from customers a recognized as a liability comprises payments received concerning income in subsequent financial reporting years.

**Fair value**
Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or where the fair values is disclosed are classified based on the fair value hierarchy, see below:

Level 1:
Value based on the fair value of corresponding assets/liabilities in a well-functioning market.

Level 2:
Value calculated on the basis of recognised valuation methods based on observable market information.

Level 3:
Value calculated on the basis of recognised valuation methods and reasonable estimates

# Notes

## 1. Accounting policies (continued)

are made on the basis of non-observable market information.

**Cash flow statement**
The cash flow statement is presented according to the indirect method and shows cash flows relating to operations, investments and financing as well as the company's cash at the beginning and end of the year.

Cash flows concerning operating activities is calculated as operating income adjusted for non-cash operating items, changes in working capital as well as paid corporation tax.

Cash flows concerning investing activities include payments in connection with the acquisitions and sales of companies, activities and financial fixed assets as well as the purchase, development, improvement and sales, etc. of intangible fixed assets and fixed assets.

Cash flows concerning financing activities include changes in the size or composition of the company's share capital and related expenses, as well as borrowing of loans, repayment of interest-bearing debt, purchase of own shares and payment of dividends.

Cash includes cash and cash equivalents and short-term securities with an insignificant exchange rate risk less short-term bank debt, which is related to operating funding.

**Omission of a cash flow statement**
With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flow are reflected in the consolidated cash flow statement.

**Segment information**
Segment information is disclosed by geographic markets. Segment information follows the Group’s accounting policies, risks and internal financial management.

**Organic Growth**
Organic growth is calculated as realized numbers recalculated to last year currencies and adjusted for acquisitions done in the year.

**Financial highlights**
The key ratios presented under “Highlights 2019” have been calculated as follows:

Return on assets $$\frac{\text{Profit before financial items, etc. x 100}}{\text{Average assets}}$$

Return on equity capital $$\frac{\text{The financial profit for the year after tax excl. minority interests x 100}}{\text{Average equity capital excl. minority interests}}$$

Solvency ratio $$\frac{\text{Equity capital excl. minority interests, year end x 100}}{\text{Total liabilities, year end}}$$

# Notes

## 2 Segment information on Revenue

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| **Geographic markets** | | | | |
| Inside Europe | 0 | 0 | 206,020 | 191,025 |
| Outside Europe | 0 | 0 | 1,764,769 | 1,723,216 |
| | **0** | **0** | **1,970,789** | **1,914,241** |

## 3 Staff expenses

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Wages and salaries | 0 | 0 | 312,594 | 300,458 |
| Pensions | 0 | 0 | 27,620 | 25,482 |
| Other expenses for social security | 0 | 0 | 5,757 | 5,247 |
| | **0** | **0** | **345,971** | **331,187** |
| The number of people employed on average | 0 | 0 | 1,242 | 1,280 |

The staff expenses are included in the items production, distribution, and administration expenses.Remuneration to the company's management and board of directors in 2019 is 7,518 tDKK (2018: 6,011 tDKK).

## 4 Other operating income

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Profit on the sale of fixed assets | 0 | 0 | 5,318 | 8 |
| Other operating income | 0 | 0 | 4,131 | 4,536 |
| | **0** | **0** | **9,449** | **4,544** |

Other operating income consist among others of sales of octoboxes, plastic caps and pallets.

## 5 Other operating costs

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Property management, leasehold property | 0 | 0 | 137 | 212 |
| Depreciation, leasehold property | 0 | 0 | 224 | 223 |
| | **0** | **0** | **361** | **435** |

## 6 Income from investments in Group companies

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Share from profit in Group companies | 65,202 | 104,273 | 0 | 0 |
| Offset in internal profit after tax on inventories purchased within the group | 10,567 | -14,808 | 0 | 0 |
| Goodwill depreciation | -8,040 | -2,010 | 0 | 0 |
| Impairment JKD | 0 | -9,150 | 0 | 0 |
| | **67,729** | **78,305** | **0** | **0** |

# Notes

## 7 Financial income

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Group companies | 1,630 | 0 | 0 | 0 |
| Other financial income | 64,191 | 29,089 | 73,784 | 42,948 |
| | **65,821** | **29,089** | **73,784** | **42,948** |

## 8 Financial expenses

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Group companies | 0 | 1,370 | 0 | 0 |
| Other financial expenses | 148 | 44,727 | 28,074 | 54,659 |
| | **148** | **46,097** | **28,074** | **54,659** |

## 9 Tax on ordinary profit

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Tax on profit for the year | 14,443 | -3,748 | 42,508 | 42,262 |
| Adjustment of deferred tax | 0 | 0 | 1,953 | -229 |
| Adjustment to tax relating to previous years | 0 | -1,649 | -1,292 | -2,933 |
| | **14,443** | **-5,397** | **43,169** | **39,100** |

## 10 Intangible assets

| (tDKK) | Acquired rights | Goodwill |
|---|---|---|
| **Group** | | |
| Cost price 1/1 2019 | 23,401 | 75,815 |
| Rate adjustment at closing rate | 42 | 0 |
| New entries for the year | 52,089 | 0 |
| Disposals for the year | -208 | 0 |
| **Cost price 31/12 2019** | **75,324** | **75,815** |
| Amortisation and impairment losses 1/1 2019 | -20,629 | -2,010 |
| Rate adjustment at closing rate | -16 | 0 |
| The year's amortisation and impairment losses | -2,858 | -8,040 |
| **Amortisation and impairment losses 31/12 2019** | **-23,503** | **-10,050** |
| **Accounting value 31/12 2019** | **51,821** | **65,765** |

Acquired software rights relate to the implementation and development of a new ERP system. Management has based on the current activity level made an assessment that there are no indications of impairment.

# Notes

## 11 Tangible assets

| (tDKK) | Land and buildings | Production facility and machinery | Other installations, operating equipment and furniture | Non-current assets under construction and pre-payments | Tangible assets in total |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Cost price 1/1 2019 | 619,096 | 1,024,057 | 98,387 | 150,522 | 1,892,062 |
| Rate adjustment at closing rate | 7,267 | 17,266 | 1,268 | 937 | 26,738 |
| New entries for the year | 100,900 | 33,830 | 17,963 | 88,060 | 240,753 |
| Disposals for the year | -32,202 | -9,072 | -1,253 | 0 | -42,527 |
| Transferred in the year | 0 | 0 | 0 | -123,579 | -123,579 |
| **Cost price 31/12 2019** | **695,061** | **1,066,081** | **116,365** | **115,940** | **1,993,447** |
| Depreciation and impairment losses 1/1 2019 | -304,261 | -572,155 | -72,500 | 0 | -948,916 |
| Rate adjustment at closing rate | -2,337 | -9,040 | -914 | 0 | -12,291 |
| The year's depreciation and impairment losses | -19,586 | -88,767 | -10,256 | 0 | -118,609 |
| Accumulated depreciation, divested assets | 26,252 | 7,459 | 928 | 0 | 34,639 |
| **Depreciation and impairment losses 31/12 2019** | **-299,932** | **-662,503** | **-82,742** | **0** | **-1,045,177** |
| **Accounting value 31/12 2019** | **395,129** | **403,578** | **33,623** | **115,940** | **948,270** |

# Notes

## 12 Financial fixed assets

| (tDKK) | Other receivables |
|---|---|
| **Group** | |
| Cost price 1/1 2019 | 9,094 |
| Rate adjustment at closing rate | 75 |
| Additions for the year | 853 |
| Disposals for the year | -222 |
| **Cost price 31/12 2019** | **9,800** |

| (tDKK) | Investments in Group companies |
|---|---|
| **Parent company** | |
| Cost price 1/1 2019 | 72,931 |
| New entries for the year | 0 |
| Disposals for the year | 0 |
| **Cost price 31/12 2019** | **72,931** |
| Revaluation 1/1 2019 | 891,173 |
| Received dividends | 0 |
| Offset in internal profit after tax on inventories | 10,567 |
| Rate adjustment at closing rate, etc. | 10,170 |
| Share of profit for the year | 65,202 |
| Goodwill amortisation | -8,040 |
| **Revaluation 31/12 2019** | **969,072** |
| **Accounting value 31/12 2019** | **1,042,003** |

# Notes

## 12 Financial fixed assets (continued)

**Group companies:**

| Company name | Registered address | Ownership share |
|---|---|---|
| CO-RO A/S | Frederikssund, Denmark | 100% |
| CO-RO Food (China) Ltd. | China | 100% |
| CO-RO Deutschland GmbH | Germany | 100% |
| CO-RO Beverage Trading LLC, Dubai | UAE | 100% |
| Golden Creation (Tianjin) Trade CO., Limited | China | 75% |
| Sunquick Lanka Pvt. Ltd. | Sri Lanka | 51% |
| ACI-CORO Bangladesh Ltd. | Bangladesh | 50,1% |
| Binzagr CO-RO Ltd. | Saudi Arabia | 50% |
| Barkath CO-RO SDN BHD | Malaysia | 50% |
| Barkath CO-RO Manufactoring SDN BHD | Malaysia | 50% |
| BIDCORO Africa Ltd. | Kenya | 50% |
| Khudairi CORO Trading DMCC, Dubai | UAE | 50% |
| TAKCORO international Beverage Company | Iran | 50% |
| Jinan Huiyuan CO-RO Food CO., Ltd (Joint Venture) | China | 50% |
| Rania for Food Products | Iraq | 49% |
| Sunquick Lanka Properties Pvt. Ltd. | Sri Lanka | 49% |

Differences on initial recognition of the subsidiary Golden Creation (Tianjin) Trade Co., Limited total DKK 75,815 thousand, including goodwill of DKK 75,815 thousand

All subsidiaries are independent entities.

Due to the expected challenging market conditions in 2020 management has assessed the valuation of the Group's assets for each cash generating unit (CGU). The assessment has not led to any impairment. However, the impairment test for the operations in Kenya shows a value in use close to the carrying amount.

Management has based the value in use for the operations in Kenya by estimating the present value of future cash flows from a 5-year forecast approved by the board of directors. Key parameters in the forecast are trend in revenue, cost development and growth expectations.

A negative change to the assumptions for revenue and cash flows or an increase in discount rate applied will result in need for impairment of the operations in Kenya.

## 13 Accruals and deferred expenses

| | Parent company | | Group | |
|---|---|---|---|---|
| **(tDKK)** | **2019** | **2018** | **2019** | **2018** |
| Prepaid lease | 0 | 0 | 8,451 | 3,925 |
| Prepaid insurances | 0 | 0 | 477 | 2,590 |
| Other | 0 | 0 | 14,663 | 4,821 |
| | **0** | **0** | **23,591** | **11,336** |

## 14 Equity capital

| | Group | |
|---|---|---|
| **(tDKK)** | **2019** | **2018** |
| The share capital is distributed as follows: | | |
| A-stocks, 2 of TDKK 2,500 | 5,000 | 5,000 |
| B-stock, 2 of TDKK 22,500 | 45,000 | 45,000 |
| | **50,000** | **50,000** |

There have not been any changes in the share capital the last 5 years.

## 15 Allocation of the Profit

| | Parent company | |
|---|---|---|
| **(tDKK)** | **2019** | **2018** |
| Reserve for net revaluation in accordance with the equity method | 67,729 | 68,305 |
| Transferred profit | 51,206 | -1,640 |
| **Total distribution** | **118,935** | **66,665** |

# Notes

## 16 Minority interests

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Minority interests 1 January | 0 | 0 | 309,898 | 306,424 |
| Share of profit for the year | 0 | 0 | 41,138 | 32,974 |
| Distributed dividends | 0 | 0 | -42,626 | -67,733 |
| Capital contribution | 0 | 0 | 17,290 | 26,717 |
| Currency exchange adjustments | 0 | 0 | 7,998 | 11,516 |
| **Minority interests 31. december** | **0** | **0** | **333,698** | **309,898** |

## 17 Provision for pensions and similar

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Severance obligation opening balance | 0 | 0 | 27,863 | 23,626 |
| Rate adjustment at closing rate | 0 | 0 | -898 | 3,966 |
| This year's adjustment | 0 | 0 | 271 | 271 |
| | **0** | **0** | **27,236** | **27,863** |

Provisions relate to the severance obligation to employees of foreign group companies and will be paid as the employees in these companies leave the group.

## 18 Provision for deferred tax

| (tDKK) | Parent company 2019 | Parent company 2018 | Group 2019 | Group 2018 |
|---|---|---|---|---|
| Intangible assets | 0 | 0 | 11,141 | 303 |
| Tangible assets | 0 | 0 | 7,656 | 9,593 |
| Inventories | 0 | 0 | 1,104 | 1,589 |
| Accruals | 0 | 0 | 100 | 0 |
| Internal profit | 0 | 0 | -15,608 | -18,586 |
| | **0** | **0** | **4,393** | **-7,101** |
| Deferred tax 1 January | 0 | 0 | -7,101 | 1,609 |
| This year's adjustment of deferred tax | 0 | 0 | 11,494 | -8,710 |
| **Deferred tax 31 December, net** | **0** | **0** | **4,393** | **-7,101** |

The Group has on 31 December 2019 included a deferred tax asset totalling 16,6 mDKK. The tax asset consists of time differences on group eliminated internal profit.

Based on the budgets, management has assessed the probability that future taxable income will be available in which the tax asset can be utilised.

## 19 Contingencies and other financial obligations

The parent company is jointly taxed with the Danish subsidiary. As a management company, the company is indefinitely and jointly and severally liable with the subsidiary for Danish corporate taxes and withholding taxes on dividends, interest and royalties within the joint taxation circle. The jointly taxed companies' total known net obligation on corporate taxes and withholding taxes payable on dividends, interest and royalties amounts to DKK 0.0 per share. December 31, 2019. Any subsequent corrections to the joint taxation income or withholding taxes, etc. may result in the companies' liability amounting to a greater amount. The Group as a whole is not liable to others.

The company is jointly and severally liable with jointly registered group companies for the total VAT obligation. There is no liability per December 31, 2019.

# Notes

## 19 Contingencies and other financial obligations (continued)

**Rental and lease contracts**
A facility management agreement has been concluded concerning tools and equipment in CO-RO A/S. An agreement has also been concluded with Tetra Pak on the leasing of production equipment. Total future liabilities comprise:

| | Parent company | | Group | |
|---|---|---|---|---|
| **(tDKK)** | **2019** | **2018** | **2019** | **2018** |
| Within one year | 0 | 0 | 3,728 | 4,281 |
| Between one and five years | 0 | 0 | 6,841 | 2,678 |
| After five years | 0 | 0 | 0 | 0 |
| | **0** | **0** | **10,568** | **6,959** |

**Mortgages and collateral**
The property in Barkath CO-RO Sdn. BHD. is provided as collateral for bank facilities in Barkath CO-RO Manufacturing Sdn. BHD. The property's book value per. December 31, 2019 amounted to 17,9 mMYR equivalent to 29,0 mDKK. The bank debt is per. December 31, 2019 at DKK 0.

CO-RO A/S has guaranteed bank debt in subsidiaries in China up to 7,6 mEUR - equivalent to 56,8 mDKK. The bank debt amounts to 34 mDKK as of 31. December 2019.

**Contingent assets**
The Group has no contingent assets.

**Contingent liabilities**
Binzagr CO-RO Company Ltd. has initiated appeals regarding the resumption of corporate tax cases for 2005 to 2007 and 2009 to 2011. The contingent liability is estimated to amount to 6,6 mDKK.

CO-RO Food (China) Ltd. has a dispute regarding a leased land. The dispute is not expected to cause future economic consequences.
Further, a deposit of 40 mCNY equivalent to 38,2 mDKK has been granted from CO-RO Food (China) Ltd. towards JKD as a bank guarantee.

In 2019 a support letter to BIDCORO and JKD has been granted till the end of 2020.

## 20 Related parties

| | Basis |
|---|---|
| **Determining influence** | |
| CO-RO´s Fond, Holmensvej 11, 3600 Frederikssund | Principal shareholder |
| **Other  parties** | |
| Preben Kønig | Chairman of the board |
| Michael Ring | Member of the Board of Directors |
| Annette Kobberup Stougaard | Member of the Board of Directors |

**CO-RO Holding A/S have had following transactions with related parties:**

| | Parent company | | Group | |
|---|---|---|---|---|
| **(tDKK)** | **2019** | **2018** | **2019** | **2018** |
| Interest income Group companies | 1,630 | 0 | 0 | 0 |
| Interest costs Group companies | 0 | 1,370 | 0 | 0 |
| Receivables Group companies | 32,685 | 31,016 | 0 | 0 |
| Debts Group companies | 0 | 0 | 0 | 0 |

# Notes

## 21 Remuneration to auditor elected at the general assembly

| | Parent company | | Group | |
|---|---|---|---|---|
| (tDKK) | 2019 | 2018 | 2019 | 2018 |
| Auditor's remuneration Ernst & Young | 18 | 12 | 1,511 | 1,437 |
| Other services | 0 | 0 | 120 | 1,083 |
| Tax consulting | 5 | 5 | 199 | 511 |
| | **23** | **17** | **1,830** | **3,031** |

## 22 Changes in working capital

| | Group | |
|---|---|---|
| (tDKK) | 2019 | 2018 |
| Change in inventories | 27,583 | -20,916 |
| Change in receivables | -44,473 | -30,292 |
| Change in trade and other payables | 42,965 | 16,432 |
| **Decrease/(Increase) in working capital** | **26,075** | **-34,776** |

## 23 Acquisition of subsidiaries and activities

In 2019 a capital increase of 9,855 tDKK in BIDCORO, 14,333 tDKK in Jinan Huiyuan CO-RO Food CO., LTD, 4,117 tDKK in ACI-CORO Bangladesh Ltd., 185 tDKK in CO-RO Beverage Trading LLC and 143 tDKK in Rania for Food Products was made.

The 2018 Goodwill amount has been increased with 5,8 mDKK, due to settlement of earn-out.

## 24 Cash and cash equivalents

| | Group | |
|---|---|---|
| (tDKK) | 2019 | 2018 |
| Cash and cash equivalents at 1 January | 876,583 | 1,002,251 |
| Exchange rates cash and cash equivaltens | -83 | 4,636 |
| **Restatement of cash and cash equivalents at 1 January** | **876,500** | **1,006,887** |
| Cash and cash equivalents at 31 December comprise: | | |
| Securities with terms to maturity of less than three months | 848,000 | 796,484 |
| Cash | 229,094 | 80,099 |
| Debt | -81,640 | 0 |
| **Total cash and cash equivalents at 31 december** | **995,454** | **876,583** |

CO-RO Holding A/S
Holmensvej 11
DK-3600 Frederikssund

www.co-ro.com

CVR no. 14 79 06 08