
Uhrenholt A/S

Teglårdsparken 106, DK-5500 Middelfart

Annual Report for 1 January - 31 December 2020

CVR No 18 98 10 09

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
25/2 2021

Sune Uhrenholt
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Uhrenholt A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, 25 February 2021

Executive Board

Sune Uhrenholt
Executive Officer

Board of Directors

Frank Uhrenholt
Chairman

Sune Uhrenholt

Ole Berggren Madsen

Independent Auditor's Report

To the Shareholder of Uhrenholt A/S

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We 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.

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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

Independent Auditor's Report

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.

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 re-

Independent Auditor's Report

quired under the Danish Financials 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.

Odense, 25 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
State Authorized Public Accountant
mne27768

Anders Kronborg Choy
State Authorized Public Accountant
mne44142

Company Information

The Company

Uhrenholt A/S
Teglårdsparken 106
DK-5500 Middelfart

Telephone: + 45 64414041
Facsimile: + 45 64212126
Website: www.uhrenholt.dk

CVR No: 18 98 10 09
Financial period: 1 January - 31 December
Municipality of reg. office: Middelfart

Board of Directors

Frank Uhrenholt, Chairman
Sune Uhrenholt
Ole Berggren Madsen

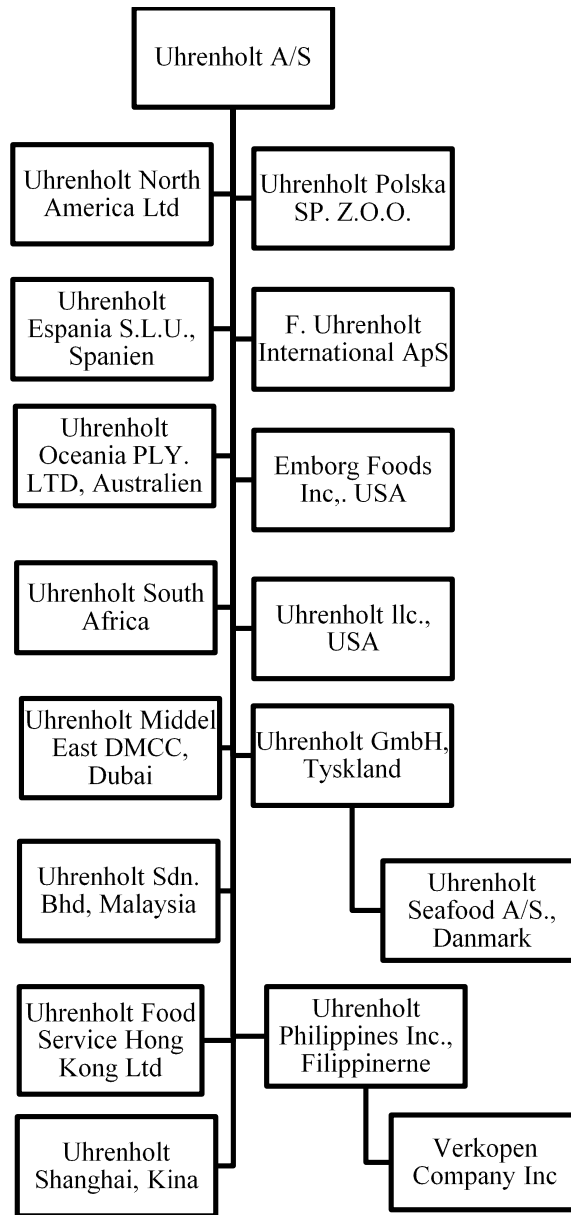
Executive Board

Sune Uhrenholt

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Group Chart



Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 kDKK	2019 kDKK	2018 kDKK	2017 kDKK	2016 kDKK
Key figures					
Profit/loss					
Revenue	2.239.095	2.310.093	2.330.056	2.347.316	1.939.441
Gross profit/loss	191.070	146.196	156.398	135.588	155.273
Operating profit/loss	75.518	28.303	31.120	15.695	39.107
Net financials	4.647	-9.355	-5.162	3.725	10.314
Net profit/loss for the year	61.450	13.298	24.010	10.861	27.452
Balance sheet					
Balance sheet total	789.869	830.745	819.051	774.466	734.407
Equity	402.556	337.479	323.693	301.447	287.585
Investment in property, plant and equipment	1.659	2.868	3.955	2.181	10.798
Number of employees	155	162	184	192	189
Ratios					
Gross margin	8,5%	6,3%	6,7%	5,8%	8,0%
Profit margin	3,4%	1,2%	1,6%	0,7%	2,0%
Return on assets	9,5%	3,4%	4,4%	2,0%	5,3%
Solvency ratio	51,0%	40,6%	39,5%	38,9%	39,2%
Return on equity	16,6%	4,0%	7,7%	3,7%	10,0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Uhrenholt is a global food company supplying food solutions mainly within dairy products and frozen vegetables to a broad range of retail, wholesale, foodservice and industrial customers around the world.

Development in the year

2020 was a year with extreme uncertainties and many challenges in all markets. Despite this, the company delivered a record profit before tax at 80.1 mDKK, with both Trading and Consumer divisions contributing equally. As a result of the high financial performance, the company records an equity of 403 mDKK as per 31. December 2020.

2020 turned out to be a very demanding year, but the agility and determination of Uhrenholt's global organisation made it possible to keep the business running and deliver products to our many global customers while securing both the safety of employees and satisfactory financial results under challenging circumstances.

Covid-19 affected sales in all markets. Restaurant, Airline and Hotel sales dropped while retail business picked up. In several markets sales through digital platforms with home deliveries is on the rise and Uhrenholt has invested in online solutions and digitalization of our support functions and supply chain to meet the demand.

Emborg brand showed a significant increase against 2019. Growth was generated mainly from products launched within the last 36 months.

Foreign exchange risks

Foreign trade entails transactions and positions in foreign currency. Transactions are mainly in USD, EURO and AUD. It is the company policy to hedge against currency risks. Exchange rate risks related to investments in affiliated enterprises abroad are not hedged.

Targets and expectations for the year ahead

For 2021 we expect another year of turbulence and unpredictability. Focus is on profitable growth, digitalization of processes and further strengthening the financial position of the company.

It is management's assessment that the 2020 result reflects the actual earnings potential of the remaining core activities and as such expectations for 2021 is a profit before tax in the range of 50-60 mDKK

Management's Review

Statement of corporate social responsibility

Uhrenholt has signed the UN's Global Compact and is actively working with social responsibility. The Group has published the CSR report for 2020 on our website according to §99a of the Danish Financial Statement Act.

The CSR report can be found at <https://nozebra.ipapercms.dk/Uhrenholt/CSR/csr-2020/>

Statement on gender composition

Board level

The Uhrenholt A/S Board of Directors consists of 3 board members. The intention is to have a balance of at least 1/3 of both genders by 2025.

Target for the under-represented gender in the company's Board of Directors:

Uhrenholt A/S aims to always have as relevant and well-qualified a Board of Directors as possible. In 2020, the Board had 3 members which were all male. Most members have been part of the Board for a longer period and have contributed with different backgrounds and experience relevant to Uhrenholt. None of the board members have resigned in 2020.

Management level

Diversity is always a focus area in a multi-national organization. We are represented in more than 20 countries and currently employ 23 nationalities.

It is a priority to have gender diversity at all levels of management. In 2015, we reached our goal of increasing the proportion of female managers to minimum 40%. This number declined again in 2019 due to closing of the large Russian distribution business, but we aim to reach the minimum 40% again soon.

It is our objective to develop both female and male talent within the organization and to balance the proportion of managers, so no gender is underrepresented in the company.

It is management's assessment that the overall distribution of males and females on all management levels of Uhrenholt A/S is unchanged from 2019 to 2020.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2020 kDKK	2019 kDKK
Revenue	1	2.239.095	2.310.093
Other operating income		0	336
Expenses for raw materials and consumables		-1.965.349	-2.090.914
Other external expenses		-82.676	-73.319
Gross profit/loss		191.070	146.196
Staff expenses	2	-108.401	-110.362
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-7.151	-7.195
Other operating expenses		-86	0
Profit/loss before financial income and expenses		75.432	28.639
Income from investments in subsidiaries		-4.255	-8.617
Financial income	4	21.424	17.772
Financial expenses	5	-12.522	-18.510
Profit/loss before tax		80.079	19.284
Tax on profit/loss for the year	6	-18.629	-5.986
Net profit/loss for the year		61.450	13.298

Balance Sheet 31 December

Assets

	Note	2020 kDKK	2019 kDKK
Completed development projects		12.078	13.396
Acquired patents		750	0
Acquired other similar rights		0	0
Intangible assets	7	12.828	13.396
Land and buildings		3.830	4.090
Plant and machinery		12.255	14.610
Other fixtures and fittings, tools and equipment		2.771	3.159
Property, plant and equipment	8	18.856	21.859
Investments in subsidiaries	9	47.755	18.114
Receivables from group enterprises	10	349.662	364.045
Fixed asset investments		397.417	382.159
Fixed assets		429.101	417.414
Inventories		70.524	58.694
Trade receivables		234.955	297.199
Receivables from group enterprises		18.217	19.272
Other receivables	16	29.652	28.170
Prepayments	11	7.101	7.909
Receivables		289.925	352.550
Cash at bank and in hand		319	2.087
Currents assets		360.768	413.331
Assets		789.869	830.745

Balance Sheet 31 December

Liabilities and equity

	Note	2020 kDKK	2019 kDKK
Share capital	12	50.000	50.000
Reserve for development costs		6.908	7.074
Reserve for hedging transactions		4.036	0
Reserve for currency exchange		-175	0
Retained earnings		341.787	280.405
Equity		402.556	337.479
Provision for deferred tax	14	325	1.892
Provisions relating to investments in group enterprises		43.295	46.555
Provisions		43.620	48.447
Lease obligations		873	1.620
Other payables		8.458	3.290
Long-term debt	15	9.331	4.910
Mortgage loans		0	53
Credit institutions		91.914	254.284
Lease obligations	15	1.078	919
Trade payables		156.104	131.460
Payables to group enterprises		23.492	21.114
Corporation tax		21.269	7.420
Other payables	15,16	40.505	24.266
Deferred income		0	393
Short-term debt		334.362	439.909
Debt		343.693	444.819
Liabilities and equity		789.869	830.745
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Fee to auditors appointed at the general meeting	19		
Accounting Policies	20		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for currency exchange	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	50.000	7.074	0	0	280.405	337.479
Exchange adjustments	0	0	0	-175	0	-175
Fair value adjustment of hedging instruments, beginning of year	0	0	0	0	-300	-300
Fair value adjustment of hedging instruments, end of year	0	0	5.174	0	0	5.174
Tax on adjustment of hedging instruments for the year	0	0	-1.138	0	66	-1.072
Development costs for the year	0	1.256	0	0	-1.256	0
Depreciation, amortisation and impairment for the year	0	-1.422	0	0	1.422	0
Net profit/loss for the year	0	0	0	0	61.450	61.450
Equity at 31 December	50.000	6.908	4.036	-175	341.787	402.556

Notes to the Financial Statements

	2020 kDKK	2019 kDKK
1 Revenue		
Geographical segments		
Europa	612.535	801.420
Asia and Pacific	967.284	858.369
Middle East and Africa	414.450	430.779
Other	244.826	219.525
	2.239.095	2.310.093
2 Staff expenses		
Wages and salaries	101.177	101.531
Pensions	5.793	5.937
Other social security expenses	741	965
Other staff expenses	690	1.929
	108.401	110.362
Average number of employees	155	162
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2.574	2.427
Depreciation of property, plant and equipment	4.577	4.768
	7.151	7.195
Which is specified as follows:		
Completed development projects	2.574	2.427
Buildings	260	260
Plant and machinery	3.263	3.277
Other fixtures and fittings, tools and equipment	1.054	1.231
	7.151	7.195

Notes to the Financial Statements

	2020 kDKK	2019 kDKK
4 Financial income		
Interest received from group enterprises	12.748	12.268
Other financial income	544	263
Exchange adjustments	8.132	5.241
	21.424	17.772
5 Financial expenses		
Other financial expenses	12.522	18.510
	12.522	18.510
6 Tax on profit/loss for the year		
Current tax for the year	21.268	7.420
Deferred tax for the year	-1.567	-1.096
Adjustment of tax concerning previous years	0	-272
	19.701	6.052
which breaks down as follows:		
Tax on profit/loss for the year	18.629	5.986
Tax on changes in equity	1.072	66
	19.701	6.052

Notes to the Financial Statements

7 Intangible assets

	Completed development projects kDKK	Acquired pa- tents kDKK	Acquired other similar rights kDKK
Cost at 1 January	24.298	0	2.427
Additions for the year	1.256	750	0
Cost at 31 December	<u>25.554</u>	<u>750</u>	<u>2.427</u>
Impairment losses and amortisation at 1 January	10.902	0	2.427
Amortisation for the year	2.574	0	0
Impairment losses and amortisation at 31 December	<u>13.476</u>	<u>0</u>	<u>2.427</u>
Carrying amount at 31 December	<u>12.078</u>	<u>750</u>	<u>0</u>

Development costs relate to the implementation of ERP system.

Notes to the Financial Statements

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	kDKK	kDKK	kDKK
Cost at 1 January	11.160	41.816	14.833
Additions for the year	0	993	667
Disposals for the year	0	-244	0
Cost at 31 December	<u>11.160</u>	<u>42.565</u>	<u>15.500</u>
Impairment losses and depreciation at 1 January	7.070	27.205	11.674
Depreciation for the year	260	3.263	1.055
Reversal of impairment and depreciation of sold assets	0	-158	0
Impairment losses and depreciation at 31 December	<u>7.330</u>	<u>30.310</u>	<u>12.729</u>
Carrying amount at 31 December	<u>3.830</u>	<u>12.255</u>	<u>2.771</u>
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>2.443</u>

Notes to the Financial Statements

	2020 kDKK	2019 kDKK
9 Investments in subsidiaries		
Cost at 1 January	96.047	96.125
Additions for the year	51.937	0
Disposals for the year	-14.039	-78
Cost at 31 December	<u>133.945</u>	<u>96.047</u>
Value adjustments at 1 January	-148.736	-127.007
Disposals for the year	0	476
Exchange adjustment	-175	124
Net profit/loss for the year	-3.051	-11.505
Dividend to the Parent Company	-1.000	-13.708
Other equity movements, net	0	-1
Amortisation of goodwill	-267	-267
Change in intercompany profit on inventories	-936	2.141
Reversals for the year of revaluations in previous years	10.578	1.011
Value adjustments at 31 December	<u>-143.587</u>	<u>-148.736</u>
Equity investments with negative net asset value amortised over receivables	<u>14.102</u>	<u>24.248</u>
Equity investments with negative net asset value transferred to provisions	<u>43.295</u>	<u>46.555</u>
Carrying amount at 31 December	<u>47.755</u>	<u>18.114</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>689</u>	<u>956</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Uhrenholt North America Ltd	Canada	100%
Emborg Foods USA inc.	USA	100%
Uhrenholt Middle East DMCC	Dubai	100%
Verkopen Company Inc	Filippinerne	100%
Uhrenholt Food Solutions (Shanghai)	Kina	100%
Uhrenholt USA, LCC, New Jersey	USA	100%
Uhrenholt España S.L.U.	Spanien	100%

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Name	Place of registered office	Votes and ownership
F. Uhrenholt Holding International ApS	Danmark	100%
Uhrenholt Seafood A/S	Danmark	100%
Uhrenholt South Africa	Sydafrika	100%
Uhrenholt Oceania PLY. LTD	Australien	100%
Uhrenholt Philippines Inc.	Filippinerne	100%
Uhrenholt Polska SP. Z.O.O	Polen	100%
Uhrenholt GmbH	Tyskland	100%
Uhrenholt SDN. BHD	Malaysia	100%
Uhrenholt Food Service Hong Kong Ltd	Kina	100%

10 Other fixed asset investments

	Receivables from group enterprises kDKK
Cost at 1 January	364.045
Additions for the year	72.007
Disposals for the year	-86.390
Cost at 31 December	349.662
Carrying amount at 31 December	349.662

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

12 Equity

The share capital consists of 5,000 shares of a nominal value of kDKK 10. No shares carry any special rights.

Notes to the Financial Statements

	<u>2020</u> kDKK	<u>2019</u> kDKK
13 Distribution of profit		
Retained earnings	61.450	13.298
	<u>61.450</u>	<u>13.298</u>
14 Provision for deferred tax		
Provision for deferred tax at 1 January	1.892	3.924
Amounts recognised in the income statement for the year	-1.567	-1.096
Adjustment concerning previous years	0	-936
Provision for deferred tax at 31 December	<u>325</u>	<u>1.892</u>

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020 kDKK	2019 kDKK
Lease obligations		
Between 1 and 5 years	873	1.620
Long-term part	873	1.620
Within 1 year	1.078	919
	1.951	2.539
Other payables		
Between 1 and 5 years	8.458	3.290
Long-term part	8.458	3.290
Other short-term payables	40.505	24.266
	48.963	27.556

16 Derivative financial instruments

As of 31 December 2020, the company has derivative financial instruments in the form of forward exchange contracts. At 31 December 2020 the fair value of derivative financial instruments are:

	2020 kDKK	2019 kDKK
Assets	10.123	692
Liabilities	0	0

Forward exchange contracts:

The company has entered into forward exchange contracts in order to hedge future sales of goods and purchases as well as to hedge balance sheet items in foreign currencies. Forward exchange contracts have been entered into in a number of currencies, with USD, AUD, GBP, PLN, EUR, SGD and SEK being the most important. The fair value of the forward exchange contracts amount to kDKK 10,123. The forward exchange contracts have maturity date within the next 12 months.

Notes to the Financial Statements

	2020 kDKK	2019 kDKK
17 Contingent assets, liabilities and other financial obligations		
Charges and security		
<p>The company has provided unlimited surety for group companies' balances with banks and finance companies. At 31 December 2020 the debt amounts to kDKK 135.952.</p> <p>As security for the Group's balances with banks and finance companies, a floating charge of a mDKK 300 has been registered, which gives security in the following:</p> <p>Receivables from sales kDKK 234.955 Inventories kDKK 70.524 Other plant, machinery and equipment kDKK 15.026 Intellectual rights/patents kDKK 750</p> <p>At 31 December bank guarantees have been provided to suppliers through banks and finance companies of:</p>		
	22.987	27.520
Rental and lease obligations		
<p>Lease obligations under operating leases. Total future lease payments:</p> <p>Within 1 year</p>		
	5.257	4.548
Between 1 and 5 years	12.683	14.271
After 5 years	2.399	2.399
	20.339	21.218
Rental obligations, non-cancellation period 12 months.	34.277	34.277

Other contingent liabilities

The company has signed a letter of support for its subsidiary Uhrenholt Middle East DMCC for the coming year. The support letter is limited to MDKK 2.

The company has signed an unlimited letter of support for its subsidiary Emborg Foods GmbH.

Notes to the Financial Statements

18 Related parties

	<u>Basis</u>
Controlling interest	
F. Uhrenholt Holding A/S	Parent company

Consolidated Financial Statements

Uhrenholt A/S and subsidiaries are included in the consolidated report for the parent company.

<u>Name</u>	<u>Place of registered office</u>
F. Uhrenholt Holding A/S	Teglårdsparken 106 5500 Middelfart Denmark

The consolidated report for F. Uhrenholt Holding A / S can be requested at the above address.

19 Fee to auditors appointed at the general meeting

With reference to ÅRL § 96 para. 3 provides information on audit fees in the consolidated financial statements of F. Uhrenholt Holding A/S.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Uhrenholt A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Financial Statements for 2020 are presented in kDKK.

Changes in accounting policies

The Company's accounting policy has been changed in 2020 to reflect the amendments made to the Danish Financial Statements Act. The change has resulted in reclassifications between equity reserves. The change has not affected the net result for the year or equity at year end.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of F. Uhrenholt Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

20 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Derivative financial instruments

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

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised 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 recognised in reserve for hedging transactions under equity as regards the effective portion of the hedge. The ineffective portion is recognised 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 recognised 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 recognised. The amount is recognised in the same item as the hedged transaction.

Notes to the Financial Statements

20 Accounting Policies (continued)

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

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

Other external expenses

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The 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.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Development projects, patents and licences

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-10

Notes to the Financial Statements

20 Accounting Policies (continued)

years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use. Patents are amortised over the patent period, maximum 20 years

Other intangible fixed assets are written down to the recoverable amount if this is lower than the carrying amount

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	20-30 years	
Plant and machinery	3-15 years	
Other fixtures and fittings, tools and equipment	3-8	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

Notes to the Financial Statements

20 Accounting Policies (continued)

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of receivables in affiliated companies.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

20 Accounting Policies (continued)

Deferred tax assets and liabilities

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

Deferred tax assets are measured at the value at which the asset is expected to be realised, 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 the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$