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# ***Østerberg Holding ApS***

Planen 1, DK-5300 Kerteminde

## **Annual Report for 1 October 2020 - 30 September 2021**

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CVR No 21 21 04 98

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
06/03 2022

Niels Olaf Østerberg  
Chairman of the General  
Meeting



**pwc**

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## **Management's Statement**

The Executive Board has today considered and adopted the Annual Report of Østerberg Holding ApS for the financial year 1 October 2020 - 30 September 2021.

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

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

Rynkeby, 6 March 2022

### **Executive Board**

Niels Olaf Østerberg  
Managing Director

# Independent Auditor's Report

To the Shareholder of Østerberg Holding ApS

## Opinion

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 30 September 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Østerberg Holding ApS for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

# Independent Auditor's Report

## 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 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 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 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 and the Group'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 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

## Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- 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.

Trekantområdet, 6 March 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen

statsautoriseret revisor

mne30224

## Company Information

### The Company

Østerberg Holding ApS  
Planen 1  
DK-5300 Kerteminde

CVR No: 21 21 04 98  
Financial period: 1 October - 30 September  
Municipality of reg. office: Kerteminde

### Executive Board

Niels Olaf Østerberg

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Herredsvej 32  
DK-7100 Vejle

### Group Management

Ms. Mette Ring O'Donnell, Group Director, Food Service

Ms. Sia Oskarson, Group Director, Fruit Based Raw Materials

Ms. Lene Christensen, Group Director – Supply Chain

Ms. Shalini Yadav, Group Head of Finance

Mr. Navdeep Rajpal, Group Production Director

## Group Chart

|                       |  |  |
|-----------------------|--|--|
| Østerberg Holding ApS |  |  |
| 100%                  |  | Orana Canada Inc.                          |
| 100%                  |  | Orana A/S                                  |
| 100%                  |  | Orana Denmark A/S                          |
| 10%                   |  | OIC Holding ApS                            |
| 10%                   |  | OST HK Holding ApS                         |
| 100%                  |  | Osterberg Service & Trading A/S            |
| 52%                   |  | Osterberg Ice Cream A/S                    |
| 100%                  |  | Orana DMCC Dubai                           |
| 100%                  |  | Orana Limited Dubai                        |
| 100%                  |  | Orana Egypt Joint-stock company.           |
| 100%                  |  | International Fruit Production Ltd. Egypt  |
| 100%                  |  | Osterberg Service & Trading Hong Kong Ltd. |
| 95%                   |  | Orana India Ltd.                           |
| 100%                  |  | Orana Kenya Ltd.                           |
| 100%                  |  | Osterberg Food Service Sdn. Bhd., Malaysia |
| 95%                   |  | Orana Vietnam Ltd.                         |
| 97.3%                 |  | Moonberg Organic Farms Ltd.                |
| 90%                   |  | Orana Fresh Fruit Processing Company Ltd.  |



# Financial Highlights

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

|   | <b>Group</b>     |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|
|   | 2020/21<br>T.USD | 2019/20<br>T.USD | 2018/19<br>T.USD | 2017/18<br>T.USD | 2016/17<br>T.USD |
| <b>Key figures</b>                                    |                  |                  |                  |                  |                  |
| <b>Profit/loss</b>                                    |                  |                  |                  |                  |                  |
| Revenue   | 55,643           | 56,109           | 51,318           | 46,910           | 40,337           |
| Gross profit/loss                                     | 11,436           | 12,711           | 12,771           | 12,525           | 9,935            |
| Operating profit/loss                                 | 1,180            | 2,433            | 2,637            | 2,057            | 1,733            |
| Profit/loss before financial income and expenses      | 1,536            | 2,725            | 2,346            | 2,540            | 1,413            |
| Net financials  | -933             | -1,191           | -844             | -1,434           | -1,127           |
| Net profit/loss for the year                          | 589              | 1,155            | 1,033            | 899              | 187              |
| <b>Balance sheet</b>                                  |                  |                  |                  |                  |                  |
| Balance sheet total                                   | 39,705           | 33,842           | 30,595           | 30,775           | 29,812           |
| Equity  | 7,627            | 6,974            | 6,597            | 6,232            | 5,991            |
| <b>Cash flows</b>                                     |                  |                  |                  |                  |                  |
| Cash flows from:                                      |                  |                  |                  |                  |                  |
| - operating activities                                | -1,048           | -1,964           | 1,323            | 2,411            | -1,415           |
| - investing activities                                | -1,192           | -1,482           | -897             | -789             | -2,020           |
| including investment in property, plant and equipment | -1,192           | -1,345           | -877             | -659             | -1,999           |
| - financing activities                                | 2,700            | 3,084            | 26               | -1,430           | 3,823            |
| Change in cash and cash equivalents for the year      | 460              | -362             | 452              | 192              | 388              |
| Number of employees                                   | 425              | 399              | 415              | 332              | 333              |
| <b>Ratios</b>   |                  |                  |                  |                  |                  |
| Gross margin  | 20.6%            | 22.7%            | 24.9%            | 26.7%            | 24.6%            |
| Profit margin   | 2.8%             | 4.9%             | 4.6%             | 5.4%             | 3.5%             |
| Return on assets                                      | 3.9%             | 8.1%             | 7.7%             | 8.3%             | 4.7%             |
| Solvency ratio  | 19.2%            | 20.6%            | 21.6%            | 20.3%            | 20.1%            |
| Return on equity                                      | 8.1%             | 17.0%            | 16.1%            | 14.7%            | 3.1%             |

See the description under accounting policies.

# Management's Review

## **Business Model**

The Group's main activity is innovation, sales and production of fruit based semi-manufactures and Food Service products. The processing is done at the group companies and as co-packing at producers located close to the main markets. Sales are mainly at the markets in the Middle East, Asia, Africa and Europe.

The Group's strategy is to grow organically, and through various alliances to exploit local market knowledge and thereby increase the Group's overall growth.

## **Development in the year**

The income statement of the Group for 2020/21 shows a profit of T.USD 589, and at 30 September 2021 the balance sheet of the Group shows equity of T.USD 7,627.

The profit of the financial year 2020/21 is not within our expectations due to covid-19. This has had a major impact on Orana Denmark A/S and Orana Vietnam Co. Ltd.

Consolidated revenue decreased by USD 0.4 million compared to last year, corresponding to a decrease of 0,7 %. The gross profit percentage decreased from 22.6% to 20.8% due to change in product mix and increase in raw materials and freight prices. Net profit decreased by USD 0.379 million (33%) compared to 2019/20. The earnings in 2020/21 are especially influenced by the impact of covid-19 due to closure in Vietnam for 4 months and increased freight charges.

## ***Business risk and other risks***

The business risk is spread and lowered in the Group as a part of the Group strategy being close to the customers and near to the raw materials. Further to this the risk is also spread on product categories.

However, the Group is exposed to fluctuations in the prices of fruit based raw material.

## ***External Environment***

Through continuous optimization of processes, the Group ensures the least possible strain on the environment, including work on lowering energy consumption per unit produced and to reduce waste. The Group companies comply with group policies and local statutory and regulatory requirements in regards to both external environment and work environment.

## ***Development***

The Group wants to remain among the leaders in its field. The Group expects that the activities within fruit based raw materials will be further enhanced and strengthened in the coming years. In addition, the Group expects growth in copacking as well as the Food Service activities, however it is difficult to predict the impact covid-19 will have on the sales in the future, especially within Food Service.

# Management's Review

## ***Business Concept and Objectives***

The Group's business concept is to develop, produce and sell tailor made fruit based semi-manufactures and Food Service products to the global market. The company is also involved in processing of fresh fruit. The Group aims to be among the most innovative and proactive provider of fruit based semimanufactures and fruit based food service products by developing and produce high quality products in line with demand in individual markets.

## **Intellectual capital resources**

Derived from the Group's business concept it is essential that the company's employees maintain and develop their knowledge resources. This is both in regards to sales, development and production. It is therefore important for the company to attract and retain the most qualified employees.

## **Targets and expectations for the year ahead**

There is a moderate expectation for the financial year 2021/22. We expect minor growth in sales and the net profit is expected to be in line with what we have achieved in 2019/20 year provided the covid-19 impact is minimized.

## **Statement of corporate social responsibility**

The statutory statement is available on the company's website, cf <https://orana.dk/Annual-Sustainability-Report-2021.pdf>

## **Statement on gender composition**

The statutory statement is available on the company's website, cf <https://orana.dk/Annual-Sustainability-Report-2021.pdf>

## Income Statement 1 October - 30 September

|   | Note | Group         |               | Parent     |            |
|---|------|---------------|---------------|------------|------------|
|   |      | 2020/21       | 2019/20       | 2020/21    | 2019/20    |
|   |      | T.USD         | T.USD         | T.USD      | T.USD      |
| <b>Revenue</b>  | 1    | <b>55,643</b> | <b>56,109</b> | <b>0</b>   | <b>0</b>   |
| Cost of sales   | 2    | -44,207       | -43,398       | 0          | 0          |
| <b>Gross profit/loss</b>                                |      | <b>11,436</b> | <b>12,711</b> | <b>0</b>   | <b>0</b>   |
| Distribution expenses                                   | 2    | -4,307        | -4,392        | 0          | 0          |
| Development expenditure                                 | 2    | -667          | -775          | 0          | 0          |
| Administrative expenses                                 | 2    | -5,282        | -5,111        | -11        | -48        |
| <b>Operating profit/loss</b>                            |      | <b>1,180</b>  | <b>2,433</b>  | <b>-11</b> | <b>-48</b> |
| Other operating income                                  |      | 389           | 292           | 36         | 0          |
| Other operating expenses                                |      | -33           | 0             | 0          | 0          |
| <b>Profit/loss before financial income and expenses</b> |      | <b>1,536</b>  | <b>2,725</b>  | <b>25</b>  | <b>-48</b> |
| Income from investments in subsidiaries                 |      | 0             | 0             | 573        | 957        |
| Financial income  | 3    | 378           | 681           | 21         | 35         |
| Financial expenses                                      | 4    | -1,311        | -1,872        | -4         | -4         |
| <b>Profit/loss before tax</b>                           |      | <b>603</b>    | <b>1,534</b>  | <b>615</b> | <b>940</b> |
| Tax on profit/loss for the year                         | 5    | -14           | -379          | -9         | 10         |
| <b>Net profit/loss for the year</b>                     |      | <b>589</b>    | <b>1,155</b>  | <b>606</b> | <b>950</b> |

# Balance Sheet 30 September

## Assets

|  | Note | Group            |                  | Parent           |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD | 2019/20<br>T.USD |
| Acquired licenses                                |      | 9                | 15               | 0                | 0                |
| Acquired other similar rights                    |      | 65               | 77               | 0                | 0                |
| <b>Intangible assets</b>                         | 6    | <b>74</b>        | <b>92</b>        | <b>0</b>         | <b>0</b>         |
| Land and buildings                               |      | 3,247            | 3,411            | 0                | 0                |
| Plant and machinery                              |      | 6,183            | 6,219            | 0                | 0                |
| Other fixtures and fittings, tools and equipment |      | 708              | 619              | 0                | 0                |
| Leasehold improvements                           |      | 63               | 89               | 0                | 0                |
| Property, plant and equipment in progress        |      | 140              | 80               | 0                | 0                |
| <b>Property, plant and equipment</b>             | 7    | <b>10,341</b>    | <b>10,418</b>    | <b>0</b>         | <b>0</b>         |
| Investments in subsidiaries                      | 8    | 0                | 0                | 7,637            | 7,152            |
| <b>Fixed asset investments</b>                   |      | <b>0</b>         | <b>0</b>         | <b>7,637</b>     | <b>7,152</b>     |
| <b>Fixed assets</b>                              |      | <b>10,415</b>    | <b>10,510</b>    | <b>7,637</b>     | <b>7,152</b>     |
| <b>Inventories</b>                               | 9    | <b>10,965</b>    | <b>8,869</b>     | <b>0</b>         | <b>0</b>         |
| Trade receivables                                |      | 12,209           | 9,575            | 0                | 0                |
| Receivables from group enterprises               |      | 0                | 0                | 329              | 430              |
| Receivables from associates                      |      | 10               | 9                | 0                | 0                |
| Other receivables                                |      | 1,614            | 1,335            | 150              | 0                |
| Deferred tax asset                               | 10   | 1,345            | 996              | 4                | 13               |
| Corporation tax                                  |      | 665              | 1,105            | 0                | 0                |
| Prepayments                                      | 11   | 1,352            | 773              | 0                | 0                |
| <b>Receivables</b>                               |      | <b>17,195</b>    | <b>13,793</b>    | <b>483</b>       | <b>443</b>       |
| <b>Current asset investments</b>                 | 12   | <b>5</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>Cash at bank and in hand</b>                  |      | <b>1,125</b>     | <b>670</b>       | <b>127</b>       | <b>0</b>         |
| <b>Currents assets</b>                           |      | <b>29,290</b>    | <b>23,332</b>    | <b>610</b>       | <b>443</b>       |
| <b>Assets</b>                                    |      | <b>39,705</b>    | <b>33,842</b>    | <b>8,247</b>     | <b>7,595</b>     |

# Balance Sheet 30 September

## Liabilities and equity

|  | Note | Group            |                  | Parent           |                  |
|--|------|------------------|------------------|------------------|------------------|
|  |      | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD | 2019/20<br>T.USD |
| Share capital  |      | 20               | 20               | 20               | 20               |
| Reserve for net revaluation under the equity method              |      | 0                | 0                | 7,349            | 6,926            |
| Reserve for exchange rate conversion                             |      | 61               | 0                | 0                | 0                |
| Retained earnings  |      | 7,547            | 7,106            | 259              | 180              |
| Proposed dividend for the year                                   |      | 165              | 20               | 165              | 20               |
| <b>Equity attributable to shareholders of the Parent Company</b> |      | <b>7,793</b>     | <b>7,146</b>     | <b>7,793</b>     | <b>7,146</b>     |
| Minority interests   |      | -166             | -172             | 0                | 0                |
| <b>Equity</b>  |      | <b>7,627</b>     | <b>6,974</b>     | <b>7,793</b>     | <b>7,146</b>     |
| Provision for deferred tax                                       | 10   | 183              | 103              | 0                | 0                |
| <b>Provisions</b>  |      | <b>183</b>       | <b>103</b>       | <b>0</b>         | <b>0</b>         |
| Mortgage loans   |      | 3,739            | 4,385            | 0                | 0                |
| Lease obligations  |      | 691              | 1,044            | 0                | 0                |
| Other payables   |      | 609              | 251              | 0                | 0                |
| <b>Long-term debt</b>  | 14   | <b>5,039</b>     | <b>5,680</b>     | <b>0</b>         | <b>0</b>         |

# Balance Sheet 30 September

## Liabilities and equity

|  | Note | Group         |               | Parent       |              |
|--|------|---------------|---------------|--------------|--------------|
|  |      | 2020/21       | 2019/20       | 2020/21      | 2019/20      |
|  |      | T.USD         | T.USD         | T.USD        | T.USD        |
| Mortgage loans   | 14   | 1,863         | 2,119         | 0            | 0            |
| IFU Short Section  |      | 268           | 0             | 0            | 0            |
| Credit institutions  |      | 15,580        | 11,192        | 0            | 0            |
| Lease obligations  | 14   | 403           | 1,000         | 0            | 0            |
| Trade payables   |      | 5,585         | 3,690         | 0            | 0            |
| Payables to group enterprises                                  |      | 0             | 0             | 362          | 361          |
| Payables to owners and Management                              |      | 443           | 438           | 92           | 88           |
| Corporation tax  |      | 456           | 289           | 0            | 0            |
| Other payables   | 14   | 1,823         | 2,016         | 0            | 0            |
| Deferred income  | 15   | 435           | 341           | 0            | 0            |
| <b>Short-term debt</b>   |      | <b>26,856</b> | <b>21,085</b> | <b>454</b>   | <b>449</b>   |
| <b>Debt</b>  |      | <b>31,895</b> | <b>26,765</b> | <b>454</b>   | <b>449</b>   |
| <b>Liabilities and equity</b>                                  |      | <b>39,705</b> | <b>33,842</b> | <b>8,247</b> | <b>7,595</b> |
| Distribution of profit   | 13   |               |               |              |              |
| Contingent assets, liabilities and other financial obligations | 18   |               |               |              |              |
| Related parties  | 19   |               |               |              |              |
| Fee to auditors appointed at the general meeting               | 20   |               |               |              |              |
| Subsequent events  | 21   |               |               |              |              |
| Accounting Policies  | 22   |               |               |              |              |

## Statement of Changes in Equity

### Group

|                               | Share capital | Reserve for net revaluation under the equity method | Reserve for exchange rate conversion | Retained earnings | Proposed dividend for the year | Equity excl. minority interests | Minority interests | Total        |
|-------------------------------|---------------|---|--------------------------------------|-------------------|--------------------------------|---------------------------------|--------------------|--------------|
|                               | T.USD         | T.USD   | T.USD                                | T.USD             | T.USD                          | T.USD                           | T.USD              | T.USD        |
| Equity at 1 October           | 20            | 0   | 0                                    | 7,106             | 20                             | 7,146                           | -172               | 6,974        |
| Exchange adjustments          | 0             | 0   | 61                                   | 0                 | 0                              | 61                              | 21                 | 82           |
| Ordinary dividend paid        | 0             | 0   | 0                                    | 0                 | -20                            | -20                             | 0                  | -20          |
| Net profit/loss for the year  | 0             | 0   | 0                                    | 441               | 165                            | 606                             | -15                | 591          |
| <b>Equity at 30 September</b> | <b>20</b>     | <b>0</b>  | <b>61</b>                            | <b>7,547</b>      | <b>165</b>                     | <b>7,793</b>                    | <b>-166</b>        | <b>7,627</b> |

### Parent

|   | Share capital | Reserve for net revaluation under the equity method | Reserve for exchange rate conversion | Retained earnings | Proposed dividend for the year | Equity excl. minority interests | Minority interests | Total        |
|---|---------------|---|--------------------------------------|-------------------|--------------------------------|---------------------------------|--------------------|--------------|
|   | T.USD         | T.USD   | T.USD                                | T.USD             | T.USD                          | T.USD                           | T.USD              | T.USD        |
| Equity at 1 October                               | 20            | 6,926   | 0                                    | 180               | 20                             | 7,146                           | 0                  | 7,146        |
| Ordinary dividend paid                            | 0             | 0   | 0                                    | 0                 | -20                            | -20                             | 0                  | -20          |
| Exchange adjustments relating to foreign entities | 0             | 61  | 0                                    | 0                 | 0                              | 61                              | 0                  | 61           |
| Dividend from group enterprises                   | 0             | -150  | 0                                    | 150               | 0                              | 0                               | 0                  | 0            |
| Net profit/loss for the year                      | 0             | 512   | 0                                    | -71               | 165                            | 606                             | 0                  | 606          |
| <b>Equity at 30 September</b>                     | <b>20</b>     | <b>7,349</b>  | <b>0</b>                             | <b>259</b>        | <b>165</b>                     | <b>7,793</b>                    | <b>0</b>           | <b>7,793</b> |



## Cash Flow Statement 1 October - 30 September

|  | Note | Group            |                  |
|--|------|------------------|------------------|
|  |      | 2020/21<br>T.USD | 2019/20<br>T.USD |
| Net profit/loss for the year   |      | 589              | 1,155            |
| Adjustments  | 16   | 2,511            | 2,226            |
| Change in working capital  | 17   | -3,455           | -3,250           |
| <b>Cash flows from operating activities before financial income and expenses</b> |      | <b>-355</b>      | <b>131</b>       |
| Financial income   |      | 378              | 681              |
| Financial expenses   |      | -1,290           | -1,873           |
| <b>Cash flows from ordinary activities</b>                                       |      | <b>-1,267</b>    | <b>-1,061</b>    |
| Corporation tax paid   |      | -144             | -903             |
| Change in deferred tax and long term liabilities                                 |      | 363              | 0                |
| <b>Cash flows from operating activities</b>                                      |      | <b>-1,048</b>    | <b>-1,964</b>    |
| Purchase of property, plant and equipment  |      | -1,192           | -1,345           |
| Business acquisition   |      | 0                | -137             |
| <b>Cash flows from investing activities</b>                                      |      | <b>-1,192</b>    | <b>-1,482</b>    |
| Repayment of mortgage loans  |      | -635             | 788              |
| Raising of lease obligations   |      | 0                | 518              |
| Raising of loans from credit institutions  |      | 4,325            | 2,601            |
| Lease obligations incurred   |      | -970             | -803             |
| Dividend paid  |      | -20              | -20              |
| <b>Cash flows from financing activities</b>                                      |      | <b>2,700</b>     | <b>3,084</b>     |
| <b>Change in cash and cash equivalents</b>                                       |      | <b>460</b>       | <b>-362</b>      |
| Cash and cash equivalents at 1 October   |      | 670              | 1,032            |
| <b>Cash and cash equivalents at 30 September</b>                                 |      | <b>1,130</b>     | <b>670</b>       |
| Cash and cash equivalents are specified as follows:                              |      |                  |                  |
| Cash at bank and in hand   |      | 1,125            | 670              |
| Current asset investments  |      | 5                | 0                |
| <b>Cash and cash equivalents at 30 September</b>                                 |      | <b>1,130</b>     | <b>670</b>       |

# Notes to the Financial Statements

|  | Group            |                  | Parent           |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD | 2019/20<br>T.USD |
| <b>1 Revenue</b>   |                  |                  |                  |                  |
| <b>Business segments</b>   |                  |                  |                  |                  |
| Food Service (FS)  | 7,210            | 7,218            | 0                | 0                |
| Fruit based Raw Material (FBR)   | 41,202           | 43,240           | 0                | 0                |
| Co Packing (COP)   | 7,231            | 5,651            | 0                | 0                |
|  | <b>55,643</b>    | <b>56,109</b>    | <b>0</b>         | <b>0</b>         |
| <b>2 Staff</b>   |                  |                  |                  |                  |
| Wages and Salaries   | 9,707            | 8,996            | 0                | 0                |
| Pensions   | 1,062            | 874              | 0                | 0                |
| Other social security expenses   | 323              | 249              | 0                | 0                |
| Other staff expenses   | 80               | 0                | 0                | 0                |
|  | <b>11,172</b>    | <b>10,119</b>    | <b>0</b>         | <b>0</b>         |
| Wages and Salaries, pensions, other social security expenses and other staff expenses are recognised in the following items: |                  |                  |                  |                  |
| Cost of sales  | 4,188            | 3,872            | 0                | 0                |
| Distribution expenses  | 2,865            | 1,956            | 0                | 0                |
| Development expenditure  | 808              | 775              | 0                | 0                |
| Administrative expenses  | 3,311            | 3,516            | 0                | 0                |
|  | <b>11,172</b>    | <b>10,119</b>    | <b>0</b>         | <b>0</b>         |
| <b>Average number of employees</b>   | <b>425</b>       | <b>399</b>       | <b>0</b>         | <b>0</b>         |

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## Notes to the Financial Statements

|  | Group            |                  | Parent                     |  |
|--|------------------|------------------|----------------------------|--|
|  | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD           | 2019/20<br>T.USD                       |
| <b>3 Financial income</b>                          |                  |                  |                            |  |
| Interest received from group enterprises           | 0                | 35               | 0                          | 35                                     |
| Other financial income                             | 21               | 16               | 21                         | 0                                      |
| Exchange gains                                     | 357              | 630              | 0                          | 0                                      |
|  | <b>378</b>       | <b>681</b>       | <b>21</b>                  | <b>35</b>                              |
| <b>4 Financial expenses</b>                        |                  |                  |                            |  |
| Other financial expenses                           | 1,311            | 1,872            | 4                          | 4                                      |
|  | <b>1,311</b>     | <b>1,872</b>     | <b>4</b>                   | <b>4</b>                               |
| <b>5 Tax on profit/loss for the year</b>           |                  |                  |                            |  |
| Current tax for the year                           | 286              | 385              | 0                          | 0                                      |
| Deferred tax for the year                          | -272             | -6               | 9                          | -10                                    |
|  | <b>14</b>        | <b>379</b>       | <b>9</b>                   | <b>-10</b>                             |
| <b>6 Intangible assets</b>                         |                  |                  |                            |  |
| <b>Group</b>                                       |                  |                  | Acquired licenses<br>T.USD | Acquired other similar rights<br>T.USD |
| Cost at 1 October                                  |                  |                  | 43                         | 123                                    |
| Cost at 30 September                               |                  |                  | 43                         | 123                                    |
| Impairment losses and amortisation at 1 October    |                  |                  | 28                         | 46                                     |
| Exchange adjustment                                |                  |                  | 0                          | -7                                     |
| Amortisation for the year                          |                  |                  | 6                          | 19                                     |
| Impairment losses and amortisation at 30 September |                  |                  | 34                         | 58                                     |
| <b>Carrying amount at 30 September</b>             |                  |                  | <b>9</b>                   | <b>65</b>                              |

# Notes to the Financial Statements

## 7 Property, plant and equipment

### Group

|   | Land and<br>buildings | Plant and<br>machinery | Other fixtures<br>and fittings,<br>tools and<br>equipment | Leasehold<br>improvement<br>s | Property,<br>plant and<br>equipment in<br>progress | Total         |
|---|-----------------------|------------------------|---|-------------------------------|--|---------------|
|   | T.USD                 | T.USD                  | T.USD   | T.USD                         | T.USD  | T.USD         |
| Cost at 1 October   | 5,296                 | 11,621                 | 2,325   | 236                           | 80   | 19,558        |
| Exchange adjustment                                       | 4                     | -18                    | 13  | -2                            | 3  | 0             |
| Additions for the year                                    | 45                    | 814                    | 350   | 0                             | 57   | 1,266         |
| Disposals for the year                                    | -31                   | 0                      | -31   | -12                           | 0  | -74           |
| Cost at 30 September                                      | 5,314                 | 12,417                 | 2,657   | 222                           | 140  | 20,750        |
| Impairment losses and depreciation at 1<br>October        | 1,885                 | 5,402                  | 1,706   | 147                           | 0  | 9,140         |
| Exchange adjustment                                       | -10                   | 5                      | 10  | -1                            | 0  | 4             |
| Depreciation for the year                                 | 192                   | 827                    | 257   | 14                            | 0  | 1,290         |
| Reversal of impairment and depreciation<br>of sold assets | 0                     | 0                      | -24   | -1                            | 0  | -25           |
| Impairment losses and depreciation at<br>30 September     | 2,067                 | 6,234                  | 1,949   | 159                           | 0  | 10,409        |
| <b>Carrying amount at 30 September</b>                    | <b>3,247</b>          | <b>6,183</b>           | <b>708</b>  | <b>63</b>                     | <b>140</b>   | <b>10,341</b> |
| Including assets under finance leases<br>amounting to     | 0                     | 1,095                  | 0   | 0                             | 0  | 1,095         |

## Notes to the Financial Statements

|  | <b>Parent</b>  |                |
|--|----------------|----------------|
|  | <u>2020/21</u> | <u>2019/20</u> |
|  | T.USD          | T.USD          |
| <b>8 Investments in subsidiaries</b>   |                |                |
| Cost at 1 October                      | 76             | 76             |
| Cost at 30 September                   | 76             | 76             |
| Value adjustments at 1 October         | 7,076          | 6,769          |
| Exchange adjustment                    | 62             | -22            |
| Net profit/loss for the year           | 573            | 957            |
| Dividend to the Parent Company         | -150           | -150           |
| Other equity movements, net            | 0              | -478           |
| Value adjustments at 30 September      | 7,561          | 7,076          |
| <b>Carrying amount at 30 September</b> | <b>7,637</b>   | <b>7,152</b>   |

Investments in subsidiaries are specified as follows:

| Name                            | Place of registered office | Share capital | Votes and ownership |
|---------------------------------|----------------------------|---------------|---------------------|
| Osterberg Service & Trading A/S | Kerteminde<br>Denmark      | TDKK 500      | 100%                |

## Notes to the Financial Statements

|                                     | Group         |              | Parent   |          |
|-------------------------------------|---------------|--------------|----------|----------|
|                                     | 2020/21       | 2019/20      | 2020/21  | 2019/20  |
|                                     | T.USD         | T.USD        | T.USD    | T.USD    |
| <b>9 Inventories</b>                |               |              |          |          |
| Raw materials and consumables       | 7,384         | 6,071        | 0        | 0        |
| Work in progress                    | 507           | 595          | 0        | 0        |
| Finished goods and goods for resale | 3,074         | 2,203        | 0        | 0        |
|                                     | <b>10,965</b> | <b>8,869</b> | <b>0</b> | <b>0</b> |

## Notes to the Financial Statements

|   | Group        |            | Parent   |           |
|---|--------------|------------|----------|-----------|
|   | 2020/21      | 2019/20    | 2020/21  | 2019/20   |
|   | T.USD        | T.USD      | T.USD    | T.USD     |
| <b>10 Deferred tax asset</b>                            |              |            |          |           |
| Deferred tax asset at 1 October                         | 893          | 864        | 13       | 3         |
| Amounts recognised in the income statement for the year | 220          | -35        | -9       | 10        |
| <b>Deferred tax asset at 30 September</b>               | <b>1,162</b> | <b>893</b> | <b>4</b> | <b>13</b> |

The recognised tax asset comprises difference between accounting and tax values and tax loss carry-forwards expected to be utilised within the next three to four years. In connection with the assessment of the utilisation of the tax asset, special emphasis has been placed on the Company having implemented efficiency measures which are expected to increase the Company's gross margin ratio.

### 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a positive fair value.

### 12 Current asset investments

|       |          |          |          |          |
|-------|----------|----------|----------|----------|
| Bonds | 5        | 0        | 0        | 0        |
|       | <b>5</b> | <b>0</b> | <b>0</b> | <b>0</b> |

### 13 Distribution of profit

|  |            |              |            |            |
|--|------------|--------------|------------|------------|
| Proposed dividend for the year                               | 165        | 20           | 165        | 20         |
| Reserve for net revaluation under the equity method          | 0          | 0            | 512        | 955        |
| Minority interests' share of net profit/loss of subsidiaries | -17        | 204          | 0          | 0          |
| Retained earnings  | 441        | 931          | -71        | -25        |
|  | <b>589</b> | <b>1,155</b> | <b>606</b> | <b>950</b> |

# Notes to the Financial Statements

## 14 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:

|                           | Group            |                  | Parent           |                  |
|---------------------------|------------------|------------------|------------------|------------------|
|                           | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD | 2019/20<br>T.USD |
| <b>Mortgage loans</b>     |                  |                  |                  |                  |
| Between 1 and 5 years     | 3,739            | 4,385            | 0                | 0                |
| Long-term part            | 3,739            | 4,385            | 0                | 0                |
| Within 1 year             | 1,863            | 2,119            | 0                | 0                |
|                           | <b>5,602</b>     | <b>6,504</b>     | <b>0</b>         | <b>0</b>         |
| <b>Lease obligations</b>  |                  |                  |                  |                  |
| Between 1 and 5 years     | 691              | 1,044            | 0                | 0                |
| Long-term part            | 691              | 1,044            | 0                | 0                |
| Within 1 year             | 403              | 1,000            | 0                | 0                |
|                           | <b>1,094</b>     | <b>2,044</b>     | <b>0</b>         | <b>0</b>         |
| <b>Other payables</b>     |                  |                  |                  |                  |
| Between 1 and 5 years     | 609              | 251              | 0                | 0                |
| Long-term part            | 609              | 251              | 0                | 0                |
| Other short-term payables | 1,823            | 2,016            | 0                | 0                |
|                           | <b>2,432</b>     | <b>2,267</b>     | <b>0</b>         | <b>0</b>         |



# Notes to the Financial Statements

## 15 Deferred income

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

|   | Group            |                  |
|---|------------------|------------------|
|   | 2020/21<br>T.USD | 2019/20<br>T.USD |
| <b>16 Cash flow statement - adjustments</b>   |                  |                  |
| Financial income  | -378             | -681             |
| Financial expenses  | 1,311            | 1,872            |
| Depreciation, amortisation and impairment losses, including losses and gains on sales | 1,292            | 1,134            |
| Tax on profit/loss for the year   | 286              | 379              |
| Other equity movements  | 0                | -478             |
|   | <b>2,511</b>     | <b>2,226</b>     |

## 17 Cash flow statement - change in working capital

|                               |               |               |
|-------------------------------|---------------|---------------|
| Change in inventories         | -2,096        | -549          |
| Change in receivables         | -3,328        | -2,473        |
| Change in trade payables, etc | 1,969         | -228          |
|                               | <b>-3,455</b> | <b>-3,250</b> |

## Notes to the Financial Statements

| 18 Contingent assets, liabilities and other financial obligations | Group   |         | Parent  |         |
|---|---------|---------|---------|---------|
|   | 2020/21 | 2019/20 | 2020/21 | 2019/20 |
|   | T.USD   | T.USD   | T.USD   | T.USD   |

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage deeds registered to the mortgagor, providing security on land and buildings as well as other property, plant and equipment, trade receivables, intangible assets and inventories at a total carrying amount

|    |        |        |   |   |
|----|--------|--------|---|---|
| of | 11,909 | 10,736 | 0 | 0 |
|----|--------|--------|---|---|

Mortgage deeds registered to the mortgagor, providing security in shares in Moonberg Organic Farms Ltd, Orana Egypt for Food Products and Development company, International Fruit Production Company , Orana India Pvt. Ltd.

### Rental and lease obligations

The company has signed lease-agreements where the remaining leases commitment amounts to

|  |     |     |   |   |
|--|-----|-----|---|---|
|  | 324 | 497 | 0 | 0 |
|--|-----|-----|---|---|

The company has signed rental commitments with 12-month period of irrevocability for a total of

|                         |     |     |   |   |
|-------------------------|-----|-----|---|---|
|                         | 204 | 203 | 0 | 0 |
| Approved and contracted | 257 | 104 | 0 | 0 |

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Østerberg Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

As security for any outstanding balance that Osterberg Ice Cream A/S, Osterberg Service & Trading A/S, Østerberg Holding ApS and Orana Denmark A/S may have with the Bank, Orana A/S has given suretyship.

## Notes to the Financial Statements

### 18 Contingent assets, liabilities and other financial obligations (continued)

As security for Orana Vietnam Ltd.'s balance with Vietinbank, Orana A/S has given suretyship for a facility of VND 45,000 million.

As security for International Fruit Production balance with The Investment Fund for Developing Countries (IFU) the group company has given suretyship for 50% of any outstanding, which may arise in connection with the of IFU provided loans of T.USD 2.570 for International Fruit Production where the outstanding debt per 30/9 2021 amount to T.USD 268.

Orana A/S has given a letter of support to Orana India Pvt. Ltd. wherein it is stated that Orana A/S will support Orana India Pvt. Ltd. with the amount of funds which may be necessary in order for Orana India Pvt. Ltd. to continue its operations.

### 19 Related parties

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

|  | Group            |                  | Parent           |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2020/21<br>T.USD | 2019/20<br>T.USD | 2020/21<br>T.USD | 2019/20<br>T.USD |
| <b>20 Fee to auditors appointed at the general meeting</b> |                  |                  |                  |                  |
| Audit fee  | 57               | 31               | 3                | 3                |
| Other assurance engagements                                | 0                | 16               | 1                | 1                |
|  | <b>57</b>        | <b>47</b>        | <b>4</b>         | <b>4</b>         |
| <b>Other auditors</b>                                      |                  |                  |                  |                  |
| Audit fee  | 50               | 0                | 0                | 0                |
|  | <b>50</b>        | <b>0</b>         | <b>0</b>         | <b>0</b>         |
|  | <b>107</b>       | <b>47</b>        | <b>4</b>         | <b>4</b>         |

### 21 Subsequent events

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

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of Østerberg Holding ApS for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020/21 are presented in T.USD.

### 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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Østerberg Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

### *Business acquisitions carried through before 1 July 2018*

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

### *Business acquisitions carried through on or after 1 July 2018*

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### 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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

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.

### 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 retained earnings 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.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

### Revenue

Information on business segments and geographical segments based on the Group'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 Group.

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **Cost of sales**

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

### **Distribution expenses**

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

### **Development expenditure**

Development expenditure indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### **Administrative expenses**

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

### **Other operating income and expenses**

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

### **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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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 Danish group affiliated companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.



# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Balance Sheet

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

#### 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:

|   |               |
|---|---------------|
| Land and buildings                                  | 10 - 30 years |
| Plant and machinery                                 | 5 - 20 years  |
| Other fixtures and fittings,<br>tools and equipment | 3 - 5 years   |
| Leasehold improvements                              | 5 years       |

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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

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.

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 USD 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 from group enterprises.

### 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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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.

### Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### 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.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### 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 mortgage loans and 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.

## Cash Flow Statement

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

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **Cash flows from financing activities**

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

# Notes to the Financial Statements

## 22 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 | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$      |