SARIA Denmark ApS

Lundagervej 21, 8722 Hedensted

CVR no. 33 77 42 81

Annual report 2020

Approved at the Company's annual general meeting on 12 May 2021

Chairman:

....
Jan Isager

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

The Executive Board today discussed and approved the annual report of SARIA Denmark ApS for the financial year 1 January – 31 December 2020.

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

It is our opinion that the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2020 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020.

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

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

Hedensted, 26 April 2021
Executive Board:

Lars Krause-Kjær CEO	Anders Jeppesen Jensen	Jan Isager

Independent auditors' report

To the shareholders of SARIA Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SARIA Denmark ApS for the financial year 1 January – 31 December 2020, which comprise an 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 a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 26 April 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen State Authorised Public Accountant mne10121	Christian Jøker State Authorised Public Accountant mne31471

Management's review

Company details

Name	SARIA Denmark ApS
Address, zip code, city	Lundagervej 21, 8722 Hedensted
CVR no.	33 77 42 81
Established	22 June 2011
Registered office	Hedensted
Financial year	1 January – 31 December
Executive Board	Lars Krause-Kjær, CEO
	Anders Jeppesen Jensen
	Jan Isager
Auditors	Ernst & Young Godkendt Revisionspartnerselskab
	EY Huset, Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights for the Group

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	1,050,153	945,080	993,399	1,013,999	1,101,565
Gross profit	338,747	251,713	236,176	209,621	170,677
EBITDA	273,571	263,746	175,043	206,648	164,131
Ordinary operating profit	191,370	113,715	102,831	91,776	35,275
Profit/loss from net financials	-2,503	-6.316	-4,077	-3,398	-3,082
Profit before tax	205,604	189,136	121,504	100,435	44,119
Profit for the year	**161,991**	**148,476**	**96,227**	**79,624**	**33,619**
Non-current assets	358,245	364,970	349,620	324,300	369,710
Current assets	342,239	303,888	366,238	346,011	293,774
Total assets	700,484	668,858	715,858	670,311	663,484
Investments in property, plant and equipment	-62,709	-87,107	-75,137	-67,002	-52,049
Share capital	600	600	600	600	600
Equity	**289,568**	**242,298**	**254,450**	**224,366**	**174,864**
Provisions	**1,077**	**0**	**0**	**0**	**0**
Non-current liabilities other than provisions	**117,867**	**115,261**	**164,973**	**176,404**	**206,381**
Current liabilities other than provisions	**291,972**	**311,299**	**296,435**	**269,541**	**282,239**
Financial ratios					
Operating margin	19.2%	13.8%	12.0%	9.9%	4,3%
Gross margin	32.3%	26.6%	23.8%	20.7%	15,5%
Return on invested capital, excl. goodwill	74.8%	48.0%	45.3%	34,1%	13.7%
Return on invested capital, incl. goodwill	74.8%	48.0%	45.3%	33,2%	12.5%
Return on equity	30.5%	29.9%	19.8%	17.7%	4.0%
Solvency ratio	41.3%	36.2%	35.5%	33.5%	26.4%
Average number of full-time employees	**269**	**276**	**293**	**297**	**312**

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

Management's review

Principal activities of the Group

The principal activities of the Company are to hold 51% of the shares in the subsidiary Daka Denmark A/S and 100% of the shares in Bioceval Denmark A/S, which carry out the principle activities of the Group.

The Group's principal activities are the purchase of animal by-products from slaughterhouses, the meat and farming industry, etc. to process these products into various finished products for markets within pet food, feed, energy, fertilisation and foodstuffs. Collection and processing of food waste and used cooking oil have during the past years become an increasing part of the activities in the Group. Customers to the finished products within this business unit are within the biogas sector.

Development in activities and financial matters

Profit for the year, including non-controlling shareholders' share of the results in subsidiaries amounts to DKK 161,991 thousand derived from revenue of DKK 1,050,153 thousand.

Operating profit amounted to DKK 201,399 thousand in 2020 compared to DKK 190,168 thousand last year. Included in the operating profit last year was a gain on the disposal of non-current assets less costs related to sale.

Management considers the profit for the year satisfactory.

Of the profit for the year, dividends of DKK 63,000 thousand are proposed to the shareholders, whereas DKK 18,261 thousand is taken to equity as retained earnings.

The Company's equity totals DKK 94,586 thousand, including proposed dividends, corresponding to 43.7% of the balance sheet total, 28.9% at group level.

Outlook

Due to the COVID-19 pandemic, the Danish Government decided to cull of all minks in Denmark at the end of 2020. As the Group processed a significant part of these culled minks, the net results in the financial year 2020 are positively affected by this special situation. On the other hand, mink will not be a part of the future basis of raw materials which will have a negative impact on future revenue and profit.

For the above reasons net results for 2021 are expected to be below the financial year 2020.

Risks

The Group has not undertaken any particular commercial risks other than those considered usual for the nature and size of the Group.

Monetary and commodity-related transactions are hedged to the extent deemed expedient.

Intellectual capital

The Group's operations are characterised by complex structures i.a. within the market structures and production technologies particular to the industry.

Moreover, conditions for the Group's activities are constantly changing. The development of the Group's employees to handle such changes will gain significance in order to obtain success. Measures are constantly taken to maintain and develop employee qualifications.

Environmental issues

The Group constantly strives to optimize its energy consumption and reduce the environmental impact of its operating activities.

The impact on the external environment in the form of odour has been a focus point this year like previous years. The Group has attempted to meet challenges during the year by improving the communication with external stakeholders and by further investing in environmental technology. Management is convinced that these efforts have improved the challenges in this year.

Management's review

Research and development activities

The Group does not carry on any research activities. The Group's production processes are continuously being optimised and its finished goods are undergoing constant development in order to increase their value in the Group's sales channels.

Corporate social responsibility

According to applicable Danish accounting legislation, the SARIA Denmark ApS Group must prepare a report on the Group's corporate social responsibility.

Management takes the general view that the Group provides very important services to society as the Group's principal activity includes the recovery of organic by-products and organic residues that cannot directly be sold for animal feed or humane consumption. Therefore, we consider ourselves an important part of the circular economy.

As stated below, the Group's operations are subject to very detailed, comprehensive and complicated veterinary legislation on the recovery of in particular animal by-products - the so-called By-product regulation. The regulation is applicable within the EU. Naturally, compliance with the regulation consumes considerable management resources in a Group of our size.

For financial and productivity reasons, the Group is compelled to prioritise the preparation of written policies for the Group's various operational areas. This viewed in the light of the resources available in a business of the SARIA Denmark Group's size, which after all is limited.

Management generally takes corporate social responsibility and the various aspects thereof seriously. However, within several areas, the Group has chosen not to prepare detailed written policies. Instead, Management's position is incorporated in the day-to-day work through common management processes. Please refer to our comments on specific areas below.

Statutory report on the Group's business model

SARIA Denmark ApS is a holding company for the SARIA Group's Scandinavian activities. The Company currently holds 51% of the share capital in Daka Denmark A/S and 100% of the share capital in Bioceval Denmark A/S.

In Denmark, operations are handled by Daka Denmark A/S, including subsidiaries, as Bioceval Denmark A/S has had limited activities in the financial year 2020.

In Sweden, operations are handled by Konvex AB, including associated companies. The Company is wholly owned by Daka Denmark A/S.

Raw materials are processed at four production facilities in Denmark and one in Sweden.

Daka Denmark A/S

The company's objective is to purchase, collect, process and sell organic by-products and organic residues, including used cooking oil and other food waste (raw material basis).

The below list shows the most important segments for the raw material basis:

Suppliers	Raw materials
Primary farm industry	Fallen stock yielding marketable produce (e.g. pigs and cattle)
Mink breeders and mink fur producers	Skinned carcases and fats
Large slaughterhouses	Slaughterhouse residues and by-products from pigs and cattle, respectively - collected in large containers or trailers
Small slaughterhouses, shops	Residues and by-products collected in bins, etc.
Restaurants, industry and public institutions, etc.	Food residues and used cooking oil

Management's review

According to applicable legislation (the "By-product regulation"), the Company's raw materials are classified in the categories listed below, which primarily include:

Category 1: Special risk material, including dead ruminants

Category 2: Dead animals with no risk material (e.g. dead pigs)

Category 3: Approved parts (incl. blood, plasma and haemoglobin) for healthy and veterinary-inspected animals.

Sale of the processed finished goods follows the category of the raw materials from which they have been processed as the By-product regulation stipulates rules for the use thereof.

Below please find a general list of the Company's production facilities in Denmark, the finished goods processed and their use:

Production facilities	Raw materials	Significant finished goods
Løsning Dakavej 10 DK-8723 Løsning	Category 3	Meal and pulp for feed ingredients Fat for feed ingredients
Randers Kronjydevej 8 DK-8960 Randers SØ	Category 2	Meal for energy and fertiliser Fat for energy purposes
	Category 1	Meal for energy purposes Fat for energy purposes
Løsning - biodiesel Dakavej 6 DK-8723 Løsning	Category 1 and 2 fat (own produced and purchased)	Biodiesel Various by-products, e.g. distillation waste ("bio heating oil") and glycerine
Horsens – ReFood Ålkjærvej 13 DK-8700 Horsens	Category 3 food waste and used cooking oil (UCO)	Pulp for biogas plant Resale of decontaminated UCO

Konvex AB

The company handles the Group's activities in Sweden.

Unlike in Denmark, all raw materials (irrespective of original category) are processed as category 1.

There is only one production facility in Karlskoga, Sweden. The raw material is shredded into the so-called "Biomal". Biomal is sold for combustion at district heating plants.

Part of the Swedish raw materials are processed at the Group's Danish facility in Randers. Processing takes place taking into consideration the capacity in Sweden and higher values of finished goods obtained through the processes used at the Danish facilities. At the Danish facilities, fat is separated from the raw material before further application.

The Group is thus, as mentioned above and in respect of its sourcing activities (raw materials) and its sales activities (finished goods), subject to comprehensive and complicated legislation that governs purchases, application and sale of its products.

Management's review

Below please find an explanation of the Group's corporate social responsibility approach within the following areas:

- COVID-19
- Human rights
- Environment
- Climate
- Social conditions and employee relations
- Anti-corruption and bribery
- Gender composition.

Below we have identified the most significant CSR-related risks in our business model, which are a focal point in our CSR work:

Area	Identified risks
COVID-19	No particular risks identified concerning main business areas as such. Against the employees and their health, several initiatives have been taken to minimise the risk of transmission from COVID-19.
Human rights	No particular risks identified. Management has therefore decided not to prepare any separate policy.
Environment	As the Group's products are manufactured from collected and processed organic residue discharges (primarily of animal origin), odour emission is from an environmental point of view the most important focal area.
Climate	Energy consumption in production.
Social conditions and employee relations	Work-related injuries
Anti-corruption and bribery	The area is in general deemed subject to limited risk. The Group's most important suppliers are Danish and secondary Western European - areas for which the risk of facing corruption and a request for bribe is considered insignificant. A small part of the Group's sale of finished goods takes place to countries where there is a risk of corruption and bribe. The Rethmann Group's (ultimate group) compliance rules stipulate zero tolerance in respect of corruption and bribery. Furthermore, it is explicitly stated that it is accepted that this policy may imply that the Group fails to win orders. Relevant employees in the Group have accepted the Group's compliance programme.

COVID-19

No particular risks from the COVID-19 pandemic toward the largest business areas of the Group have been identified as such. Main activities are collection and processing of waste and by-products from the animal food industry which in general has not been negatively affected by the pandemic.

Like many other companies in Denmark, special initiatives to ensure the health of our employees have been taken. Advise from the Danish Health Authorities has been implemented and some extra initiatives have been added on top of this:

- Occasionally on-site tests for COVID-19 of employees at our production facilities
- Widely use of work-at-home by employees at the offices
- Detailed politics in order to minimize danger of infection inside our locations (rules regarding social distance, virtual meetings instead of physical meetings, reduction of external visits on the locations etc.).

Management's review

Until now, this extended strategy has been successful with low incidents of transmission among the employees of the Group.

Human rights

The Group naturally supports internationally accepted human rights. Management has, however, decided not to prepare any separate policy in that respect. An explanation for that decision is given below.

It is in the nature of the Group to source its raw materials from the Scandinavian and to a minor extent, the Northern European markets, where compliance with human rights is deemed a matter of course. Other purchases (energy, machine investments, craftsmanlike services, etc.) are predominantly made in geographical areas where this is also deemed to be the case.

In terms of sales, the Group takes the view that market-related and commercial delimitation is made through compliance with relevant legislation such as veterinary legislation (By-product regulation) and the legislation and guidelines in force at the time in question e.g. in respect of sanctions, etc. from the respective authorities.

Environment

Management of the SARIA Denmark Group has expressed the following general environmental policy:

> The Group must ensure optimum recycling of the organic by-products received taking into consideration applicable legislation whereby raw materials are recycled and used in a way that provides the highest value to the Group.
>
> Collection of raw materials, production and the environmental facilities are continuously reassessed to
>
> - ensure that environmental legislation and requirements as to the external environmental impact are observed with a sound margin
> - ensure that resources are used as efficiently as possible.
>
> The Group continuously focuses on improving the environment and its resource consumption.

Our focus on legislation and regulatory requirements rely on an assessment that compliance with the authorities' permits, guidelines and legislation is generally deemed to be sufficiently ambitious in very regulated areas such as Denmark and Sweden where the Group performs its activities.

Naturally, several environmental issues are relevant to the Group. In the past year, Management has in particular focused on odour emissions from the facilities in Randers among others due to the warm summer. By means of ongoing process-related optimisation and in close dialogue with local stakeholders and relevant authorities, implementation of satisfactory solutions for the area is pursued.

In the financial year, a few violations of the Group's permits were noted. This in relation to exceeding the limit for odour in the surroundings, an official observation of a significant diffuse odour from the plant in Randers and a lack of reporting an operational problem of an odour removal facility (ozone) to the authorities (three injunctions).

Optimisation of our air handling system and improvements to the treatment efficiency of our water treatment plant will continue.

In 2021, the existing odour incineration plant at the plant in Randers is expected to be replaced with a new odour incineration plant with an expected better efficiency.

Investigations into the possibilities of modifying or expanding the wastewater treatment plant in Randers will continue in 2021.

Climate

Considering the Group's role in the cyclical economy within its commercial and geographical fields or operation, Management is of the opinion that the Group contributes considerably to the recycling of the world's limited resources.

Management's review

Management assesses that the continuous process-related and financial optimisation measures ensure responsible use of the resources applied for the Group's operations.

Energy consumption is an important climate issue. The Group has implemented an energy management system to ensure in a well-documented and systematic way that the Group's energy performance and efficiency are improved on an ongoing basis and that energy consumption is thereby reduced.

Major tasks in the Group's energy management system are to analyse and monitor the energy consumption and to identify energy conservation projects. Projects are monitored and the Group ensures that energy-efficient purchases are made in relation to operations as well as maintenance. Our efforts in terms of energy are thus measured, monitored and evaluated on an ongoing basis. Deviations are to the extent possible followed by remedial actions.

The energy management system is ISO 50001 certified. Management assesses that this system contributes to ensuring optimised energy impact on the climate on the part of the Group.

The energy consumption for production purposes is mainly a function of selected technology in connection with investments made.

Investments have been made in new technology to reduce energy consumption at the facility in Løsning in 2020, and energy consumption per processed unit of raw materials has been decreasing accordingly.

For the facility in Randers the corresponding unit consumption in 2020 has been increasing due to several challenges in the production processes of the plant (related to new equipment). Furthermore, ice has been added to raw materials during the summer period. This to reduce odour problems. Removing the water from the smelted ice is however energy consuming.

Social conditions and employee relations

The Group has concluded collective agreements for relevant areas with the respective partners. Collective agreements and relevant labour market-related legislation are of course observed. Thereby, it is ensured that guidelines applicable for the Danish and the Swedish labour markets are observed.

Moreover, the Group's HR policy is incorporated in internal guidelines that i.e. include:

- Alcohol policy - including alcohol abuse
- Working environment Due diligence processes have been implemented to avoid any work-related accidents and to handle them, if any
- Anti-bullying policy
- Work committee / dialogue fora
- Senior employees' policy
- Stress and healthcare policy.

The degree of compliance is not systematically measured as deviations are deemed to be evident in a business of SARIA Denmark Group's size.

Management assesses that all areas that could reasonably be deemed relevant are described in the internal guidelines.

Surveys of the physical as well as the mental working environment are made as required by legislation.

In 2020, the Group continued with its efforts to ensure sound physical and mental working conditions among others by following up upon nearby-accidents.

A total of seven work-related accidents that included absence were noted in 2020 compared to ten in 2019. Follow-up was made, and causes were identified to avoid similar accidents in future. The goal is to entirely avoid work-related accidents.

The Group does not observe any problems in attracting and maintaining relevant manpower other than what is a natural consequence of fluctuations in demand and supply of manpower.

Management's review

A "social clause" is incorporated in relevant contracts with external suppliers by which the supplier accepts to:

- Ensure a safe and healthy working environment.
- Ensure that the supplier's employees are hired on common Danish wage and employment conditions and that the supplier lives up to them.
- Ensure that the supplier's employees are subject to relevant and common collective agreements.
- Ensure that the supplier's employees have the permit required to work legally in Denmark.
- Ensure that the supplier's employees to the extent required are registered in the Register of Foreign Service Providers (RUT).

Anti-corruption and bribery

The Group forms part of the German SARIA Group (subgroup to the German Rethmann Group). The Group has an organised approach to compliance through a developed Corporate Compliance Programme. The programme is to ensure that activities of the entire Group comply with legislation and rules, and therefore it includes guidelines for i.e. compliance with competition law, anti-bribery and integrity in business agreements, cooperation with authorities, etc.

The presently used corporate compliance brochure has been prepared from the side of the Rethmann Group. The brochure is handed out to all employees upon employment. Managers are to sign a corporate compliance declaration to confirm that they have received and understood the contents of the folder. All employees at relevant levels are thus informed of those guidelines.

Form and scope of the programme are subject to continuous development. A compliance programme for our part of the Group has been developed from the SARIA Group and implementation in Denmark and Sweden was finalised in the financial year 2020. Elements in this programme are:

- A new and updated corporate compliance brochure with principles for different areas of compliance – among these anti-corruption and bribery
- The brochure will be handed out to relevant employees together with a hand-out booklet where the employee confirms receipt of the new brochure
- Education in compliance through e-learning and classroom activities to ensure continued and serious commitment and to increase awareness of the programme
- Quarterly review and reporting on the compliance situation in the Group
- On a yearly basis retrieval of a confirmation letter from relevant employees concerning individual compliance.

Gender composition

The gender composition in the Group is not equal, mainly because Daka Denmark A/S and subsidiaries are manufacturing companies, which for many years have operated in a line of business, which primarily employs and attracts male employees. Consequently, women are the underrepresented gender on the Executive Board and in other executive positions. The management team of the Group comprised 45 persons at 31 December 2020, which included the Group's Executive Board and the department managers of various functions and selected specialists. Female managers on the management team made up 25% in 2020. Female employees made up 28% of all employees in the Group in 2020.

The Group wishes to ensure equal opportunities for all, and its overall goal is to ensure that the Board of Directors at all times is made up of the most suitable candidates, irrespective of gender. The Board of Directors of Daka Denmark A/S comprises eight members of which six members are appointed at the annual general meeting and two members are employee representatives.

Management's review

The Board of Directors in Daka Denmark A/S has set up a goal for the underrepresented gender on the Board of Directors, which is to account for at least one person. The Board of Directors has strived for fulfilling this goal within the end of 2020 taking into consideration natural replacements on the Board of Directors. At present, members appointed at the annual general meeting are of the same gender. The goal has not been fulfilled partly as there have only been very limited natural replacements on the Board in recent years and partly as there have been no qualified candidates among the underrepresented gender. It is still the Company's target that at least one of the Board members appointed by the general meeting is from the underrepresented gender, and that this goal must be fulfilled by the end of 2023.

The Group's overall goal is to ensure that at all times the Executive Board and management team are made up of the most suitable candidates, irrespective of gender. Furthermore, the Group wishes to ensure equal opportunities for all and wishes to also reflect the female/male ratio in society at management level. In setting goals for the share of women on the Board, the Group has laid down a policy which describes how to maintain and, if possible, increase the share of women in the Group in general and at management level in particular. In general, the policy contains three initiatives regarding women in management positions: Attention within the Group so that female managers are a focus area for the Group; attraction and recruitment where the Group works to identify and motivate more women to apply for management jobs; and retention and development, focusing on management development of women, including courses and coaching processes.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Income statement

Note	DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
3	**Revenue**	1,050,153	945,080	0	0
	Production costs	-711,406	-693,367	0	0
	Gross profit	338,747	251,713	0	0
	Distribution costs	-39,421	-42,180	0	0
	Administrative expenses	-107,956	-95,818	-136	-138
	Ordinary operating profit/loss	191,370	113,715	-136	-138
	Other operating income	10,979	79,585	0	0
	Other operating costs	-950	-3,132	0	0
	Operating profit/loss	201,399	190,168	-136	-138
	Income from investments in group entities	0	0	84,263	77,308
	Income from investments in associates	6,708	5,284	0	0
	Income from other investments	1,619	841	0	0
4	Other financial income	3,629	3,039	0	0
5	Financial expenses	-7,751	-10,196	-3,692	-3,626
	Profit before tax	205,604	189,136	80,435	73,544
6	Tax on profit for the year	-43,613	-40,660	826	828
	Profit for the year	161,991	148,476	81,261	74,372
	Breakdown of the consolidated profit:				
	Shareholders in SARIA Denmark ApS	81,032	74,200		
	Non-controlling interests	80,959	74,276		
	Profit for the year	161,991	148,476		

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
	ASSETS				
	Non-current assets				
7	**Intangible assets**				
	Software	19,537	431	0	0
	Intangible assets under construction	1,154	16,992	0	0
		20,691	17,423	0	0
8	**Property, plant and equipment**				
	Land and buildings	109,168	115,531	0	0
	Plant and machinery	156,352	153,666	0	0
	Fixtures and fittings, tools and equipment	37,058	40,737	0	0
	Property, plant and equipment under construction	9,376	14,094	0	0
		311,954	324,028	0	0
	Investments				
9	Investments in subsidiaries	0	0	210,918	185,152
10	Investments in associates	10,665	8,584	0	0
	Other investments	14,935	14,935	0	0
		25,600	23,519	210,918	185,152
	Total non-current assets	358,245	364,970	210,918	185,152
	Current assets				
	Inventories				
	Raw materials and consumables	36,862	24,370	0	0
	Work in progress	0	1,527	0	0
	Finished goods and goods for resale	49,833	62,459	0	0
		86,695	88,356	0	0
	Receivables				
	Trade receivables	95,369	85,849	0	0
	Amounts owed by group entities	120,514	99,394	1,604	828
	Amounts owed by associates	4,954	7,442	0	0
12	Deferred tax asset	0	453	0	0
	Corporation tax	0	0	826	828
	Other receivables	17,591	13,269	0	0
	Prepayments	4,977	5,277	0	0
		243,405	211,684	2,430	1656
	Cash	12,139	3,848	2,887	3,061
	Total current assets	342,239	303,888	5,317	4,717
	TOTAL ASSETS	700,484	668,858	216,235	189,869

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
	EQUITY AND LIABILITIES				
	Equity				
11	Share capital	600	600	600	600
	Hedging reserve	-908	253	0	0
	Retained earnings	24,230	5,554	30,986	13,242
	Proposed dividends	63,000	58,000	63,000	58,000
	Equity holders' share of equity	86,922	64,407	94,586	71,842
	Non-controlling interests	202,646	177,891	0	0
	Total equity	289,568	242,298	94,586	71,842
	Provisions				
12	Provisions for deferred tax	1,077	0	0	0
	Liabilities other than provisions				
13	**Non-current liabilities other than provisions**				
	Mortgage loans	91,868	98,997	0	0
	Amounts owed to group entities	11,159	11,205	0	0
	Other payables	14,840	5,059	0	0
		117,867	115,261	0	0
	Current liabilities other than provisions				
	Current portion of non-current liabilities other than provisions	7,130	7,130	0	0
	Credit institutions	0	28,710	0	0
	Trade payables	95,431	107,604	76	55
	Amounts owed to group entities	122,439	121,198	121,573	117,972
	Corporation tax	6,232	5,022	0	0
	Other payables	57,797	35,939	0	0
	Deferred income	2,943	5,696	0	0
		291,972	311,299	121,649	118,027
	Total liabilities other than provisions	409,839	426,560	121,649	118,027
	TOTAL EQUITY AND LIABILITIES	700,484	668,858	216,235	189,869

1 Accounting policies
2 Special items
14 Contingencies, etc.
15 Mortgages and collateral
16 Staff costs
17 Fee paid to auditors appointed at the annual general meeting
18 Related party disclosures

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Statement of changes in equity

Note	DKK'000	Consolidated Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total	Non-controlling interests	Total equity
	Equity at 1 January 2019	600	2,804	10,295	58,400	72,099	182,351	254,450
	Dividend distributed	0	0	0	-58,400	-58,400	-56,223	-114,623
	Foreign currency translation	0	0	-541	0	-541	-462	-1,003
	Value adjustments of hedging instruments	0	-2,551	0	0	-2,551	-2,451	-5,002
19	Transferred; see profit appropriation	0	0	-4,200	58,000	53,800	54,676	108,476
	Equity at 1 January 2020	600	253	5,554	58,000	64,407	177,891	242,298
	Dividend distributed	0	0	0	-58,000	-58,000	-55,707	-113,707
	Foreign currency translation	0	0	644	0	644	618	1,262
	Value adjustments of hedging instruments	0	-1,161	0	0	-1,161	-1,115	-2,276
19	Transferred; see profit appropriation	0	0	18,032	63,000	81,032	80,959	161,991
	Equity at 31 December 2020	600	-908	24,230	63,000	86,922	202,646	289,568

Note	DKK'000	Parent Company Share capital	Reserve for net revaluation	Retained earnings	Proposed dividends	Total
	Equity at 1 January 2019	600	0	20,362	58,400	79,362
	Dividend distributed	0	0	0	-58,400	-58,400
	Foreign currency translation adjustments, foreign subsidiaries	0	0	-541	0	-541
	Value adjustments of hedging instruments, subsidiaries	0	0	-2,551	0	-2,551
19	Transferred; see profit appropriation	0	0	-4,028	58,000	53,972
	Equity at 1 January 2020	600	0	13,242	58,000	71,842
	Dividend distributed	0	0	0	-58,000	-58,000
	Foreign currency translation adjustments, foreign subsidiaries	0	0	644	0	644
	Value adjustments of hedging instruments, subsidiaries	0	0	-1,161	0	-1,161
19	Transferred; see profit appropriation	0	0	18,261	63,000	81,261
	Equity at 31 December 2020	600	0	30,986	63,000	94,586

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Cash flow statement

Note	DKK'000	Consolidated 2020	Consolidated 2019
	Profit for the year	161,990	148,476
20	Adjustment for non-cash operating items, etc.	110,908	39,607
	Cash generated from operations (operating activities) before changes in working capital	272,898	188,083
21	Changes in working capital	-22,340	66,490
	Cash generated from operations (operating activities)	250,558	254,573
	Corporation tax paid	-40,200	-28,243
	Cash flows from operating activities	210,358	226,330
	Acquisition of intangible assets	-4,627	-11,266
	Acquisition of property, plant and equipment	-62,709	-87,107
	Disposal of property, plant and equipment	115	70,872
	Dividends from associates	4,919	5,738
	Cash flows from investing activities	-62,302	-21,763
	External financing:		
	Change in debt to credit institutions	-28,710	1,454
	Repayment of long-term debt	-7,129	-57,422
	Raising of public debt (holiday obligation)	9,781	5,059
	Shareholders:		
	Dividends paid	-113,707	-154,565
	Cash flows from financing activities	-139,765	-205,474
	Net cash flows from operating, investing and financing activities	8,291	-907
	Cash and cash equivalents at 1 January	3,848	4,755
	Cash and cash equivalents at 31 December	12,139	3,848

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of SARIA Denmark ApS for 2020 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, SARIA Denmark ApS, and subsidiaries in which SARIA Denmark ApS directly or indirectly holds more than 50% of the voting rights or which it otherwise controls. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence but which it does not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Foreign currency translation

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

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

Foreign subsidiaries and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

Income statement

Revenue

Income from collected raw material fees and sale of finished goods, comprising sale of meal, fat and blood products and biodiesel, is recognised in revenue when the most significant rewards and risks to the buyer have been transferred and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

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

Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Trading enterprises recognise their cost of sales, and production enterprises recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and maintenance, transportation and energy depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as costs for protecting the internal and external environment.

Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc. during the year are recognised as distribution costs. Costs relating to sales staff, advertising, exhibitions, transport and warehouse rent and depreciation are also recognised as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the enterprises, including gains and losses on the disposal of intangible assets and property, plant and equipment.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profits/losses from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the Parent Company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in both the consolidated income statement and the Parent Company income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised gains and losses on receivables, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Special items

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Group's operating activities.

Tax on profit/loss for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of SARIA Denmark ApS Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The Parent Company is the administration company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of the joint taxation contribution between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive a joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill and software

Goodwill and software are measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over 5 years. Software is amortised on a straight-line basis over the estimated useful life of 3-5 years.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Incineration rights

Incineration rights are measured at cost less accumulated amortisation and impairment losses. Incineration rights are amortised on a straight-line basis over the term of the agreement of 10 years.

CO_2 rights

On initial recognition, CO_2 rights allocated and acquired are measured at cost. If CO_2 rights are allocated free of charge, cost is DKK 0.

The basis of amortisation for CO_2 rights is measured at cost less scrap value. The scrap value depends on whether or not the Company expects to utilise the rights themselves or sell them. CO_2 rights are amortised as discharged.

To the extent that the actual discharge exceeds the CO_2 rights allocated and acquired, a liability is recognised corresponding to the fair value of the CO_2 rights which the Company is under an obligation to settle.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and other plant and equipment are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life. Land is not depreciated.

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

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

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

Buildings	15-20 years
Plant and machinery	8-15 years
Fixtures and fittings, tools and equipment	3-6 years

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

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

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

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Investments in subsidiaries and associates

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

Investments in subsidiaries and associates are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Net revaluation of investments in subsidiaries and associates is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of SARIA Denmark ApS' annual report are not recognised in the reserve for net revaluation.

Acquisitions of subsidiaries and associates are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the assets and liabilities identified (goodwill) is recognised as investments in subsidiaries and depreciated over the estimated useful life of five years. The net asset value of goodwill is assessed on an ongoing basis and is written down in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

Other investments

Other securities and investments, recognised under "Non-current assets", comprise unlisted securities measured at cost.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production costs and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made based on an individual assessment.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

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

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries and associates is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

Hedging reserve

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

Dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

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

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

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Prepayments, equity and liabilities

Deferred income comprises payments received concerning income in subsequent years.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes 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 Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
2 Special items				
Gain on the disposal of non-current assets	0	61,263	0	61,263
Costs related to sale of non-current assets	0	-1,887	0	-1,887
	0	59,376	0	59,376
Special items are recognised in the below line items:				
Other operating income	0	61,263	0	61,263
Other operating costs	0	-1,887	0	-1,887
	0	59,376	0	59,376
3 Revenue				
Finished goods, Denmark	102,859	100,317	0	0
Finished goods, abroad	159,735	147,025	0	0
Biodiesel, Denmark	171,154	109,147	0	0
Biodiesel, abroad	261,365	216,949	0	0
Raw material fees, Denmark	253,790	270,837	0	0
Raw material fees, abroad	101,250	100,805	0	0
	1,050,153	945,080	0	0
4 Financial income				
Interest income from group entities	329	341	0	0
Other interest income	61	2	0	0
Other financial income	3,239	2,696	0	0
	3,629	3,039	0	0
5 Financial expenses				
Interest expense to group entities	3,908	3,909	3,601	3,601
Other interest expense	96	2,838	91	25
Other financial expense	3,747	3,449	0	0
	7,751	10,196	3,692	3,626
6 Tax on the profit for the year				
Current tax for the year	41,410	31,951	-826	-828
Adjustment of deferred tax	2,182	8,544	0	0
Adjustment of tax relating to previous years	21	165	0	0
	43,613	40,660	-826	-828

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Consolidated Software	 Intangible assets under construc-tion	 Total
Cost at 1 January 2020	12,055	16,992	29,047
Additions during the year	3,473	1,154	4,627
Transferred	16,992	-16,992	0
Disposals during the year	-1,082	0	-1,082
Cost at 31 December 2020	31,438	1,154	32,592
Amortisation at 1 January 2020	11,624	0	11,624
Disposals during the year	-1,082	0	-1,082
Amortisation for the year	1,359	0	1,359
Amortisation at 31 December 2020	11,901	0	11,901
Carrying amount at 31 December 2020	19,537	1,154	20,691
Amortised over	3-5 years		

8 Property, plant and equipment

DKK'000	Consolidated Land and buildings	 Plant and machinery	 Fixtures and fittings, tools and equipment	 Property, plant and equipment under con-struction	 Total
Cost at 1 January 2020	206,499	403,355	107,250	14,094	731,198
Foreign currency translation	1,739	2,852	172	0	4,763
Additions during the year	5,500	42,101	5,960	9,148	62,709
Transferred	3,025	7,600	3,241	-13,866	0
Disposals during the year	-1,151	-26,790	-9,333	0	-37,274
Cost at 31 December 2020	215,612	429,118	107,290	9,376	761,396
Depreciation and impairment losses at 1 January 2020	90,968	249,689	66,513	0	407,170
Foreign currency translation	1,304	2,673	47	0	4,024
Disposals during the year	-1,135	-22,285	-9,145	0	-32,565
Write-down during the year	4,202	22,014	1,575	0	27,791
Depreciation during the year	11,105	20,675	11,242	0	43,022
Depreciation and impairment losses at 31 December 2020	106,444	272,766	70,232	0	449,442
Carrying amount at 31 December 2020	109,168	156,352	37,058	9,376	311,954
Depreciated over	15-20 years	8-15 years	3-6 years		

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

9 Investments in subsidiaries

	Parent Company	
DKK'000	2020	2019
Cost at 1 January	155,960	155,960
Additions during the year	0	0
Cost at 31 December	155,960	155,960
Value adjustments at 1 January	29,192	33,835
Dividend received	-57,980	-58,458
Extraordinary dividend paid	0	-20,400
Foreign currency translation	644	-541
Fair value adjustments of hedging instruments	-1,161	-2,552
Profit/loss for the year	84,263	77,308
Value adjustments at 31 December	54,958	29,192
Carrying amount at 31 December	210,918	185,152

Name and registered office:	Voting rights and ownership
Daka Denmark A/S, Hedensted	51.0%
Bioceval Denmark A/S, Hedensted	100.0%

10 Investments in associates

Name and registered office:	Voting rights and ownership
Svensk Lantbrukstjänst AB, Lidköping, Sweden	50.0%
Gyllebo Gödning AB, Lidköping, Sweden	33.3%

11 Share capital

The share capital comprises 600,000 shares of DKK 1 each. All shares rank equally.

The Company's share capital has remained unchanged in the past year.

12 Provisions for deferred tax

	Consolidated		Parent Company	
DKK'000	2020	2019	2020	2019
Deferred tax at 1 January	-453	-7,590	0	0
Adjustment of the deferred tax charge for the year	2,182	8,544	0	0
Tax on equity transactions	-652	-1,407	0	0
Deferred tax at 31 December	1,077	-453	0	0

13 Non-current liabilities

Amounts owed to mortgage credit institutions which fall due more than 5 years after the balance sheet date	63,349	70,478	0	0

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
14 Contingencies, etc.				
Contingent liabilities				
Lease obligations (operating leases) which fall due within 5 years	30,714	17,900	0	0

Joint taxation

The Parent Company is jointly taxed with the Danish subsidiaries. As the administration company, together with the subsidiary, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation unit.
At 31 December 2020, the net taxes payable by the companies included in the joint taxation amounted to DKK 5,022 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may increase the companies' liability. The Group as a whole is not liable to others.

15 Mortgages and collateral

Land and buildings with a carrying amount of DKK 87,044 thousand have been provided as collateral for mortgages. In addition, a considerable part of the Parent Company's plant and machinery is deemed to be included in the collateral. Mortgage loans amounted to DKK 98,998 thousand at 31 December 2020.

DKK'000	Consolidated 2020	Consolidated 2019	Parent Company 2020	Parent Company 2019
16 Staff costs				
Wages and salaries	153,336	149,065	0	0
Pensions	13,026	11,966	0	0
Other social security costs	8,293	9,791	0	0
	174,655	170,822	0	0
Remuneration to the Executive Board and the Board of Directors	1,933	1,910	0	0
Average number of full-time employees	269	276	0	0
17 Fees paid to auditors appointed at the annual general meeting				
Fee regarding statutory audit	384	382	15	15
Assurance engagements	49	80	0	0
Tax consultancy	57	23	0	0
Other non-audit services	682	440	34	34
	1,172	925	49	49

Consolidated financial statements and parent company financial statements for the period 1 January – 31 December

Notes to the financial statements

18 Related party disclosures

Parties exercising control

SARIA International GmbH, Werner Strasse 95, D-59379 Selm, Germany holds the majority of the share capital in the Company.

SARIA Denmark ApS is included in the consolidated financial statements of the ultimate parent company, Rethmann SE & Co. KG, Selm, Germany.

19 Appropriation of profit/loss

	Consolidated		Parent Company	
DKK'000	2020	2019	2020	2019
Extraordinary dividends paid	0	20,400	0	20,400
Proposed dividends	63,000	58,000	63,000	58,000
Retained earnings	18,031	-4,200	18,261	-4,028
Non-controlling interests	80,959	74,276	0	0
	161,990	148,476	81,261	74,372

	Consolidated	
DKK'000	2020	2019
20 Adjustment for non-cash operating items, etc.		
Amortisation and depreciation and impairment losses	72,172	72,577
Gain on disposal of non-current assets	0	-61,263
Loss on disposal of non-current assets	4,576	13
Change in investments in associates	-6,708	-5,284
Tax on profit for the year	43,613	40,660
Change in fair value and derivative financial instruments	-2,918	-6,413
Foreign currency translation, etc.	173	-683
	110,908	39,607
21 Changes in working capital		
Change in inventories	1,661	-11,435
Change in receivables	-32,174	65,741
Change in trade and other payables	8,173	12,184
	-22,340	66,490

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Jan Hinderfeldt Isager
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