

Daka Denmark A/S

Lundagervej 21, 8722 Hedensted

CVR no. 33 77 60 39

Annual report 2020

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

Chairman:



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Jan Isager



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Daka Denmark A/S 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 financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of the Company's operations 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 Company's operations and financial matters and the results of 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 (Apr 28, 2021 12:59 GMT+2)

Lars Krause-Kjær
CEO

Board of Directors:


Tim Schwencke (Apr 28, 2021 13:43 GMT+2)

Tim A. Schwencke
Chairman



Preben Sunke

Thier (May 7, 2021 12:50 GMT+2)
Franz-Bernhard Thier
Harald van Boxtel (May 7, 2021 12:45 GMT+2)

Hendrikus J. A. van Boxtel


Jan Roelsgaard (Apr 28, 2021 15:45 GMT+2)

Jan Roelsgaard



Niels Jørgen Villesen


Jacob martin andersen (May 11, 2021 06:53 GMT+2)

Jacob Martin Andersen



Lars Jørgen Nielsen

Independent auditors' report

To the shareholders of Daka Denmark A/S

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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 Company 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 financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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.

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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on 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	Daka Denmark A/S
Address, zip code, city	Lundagervej 21, 8722 Hedensted
CVR no.	33 77 60 39
Established	22 June 2011
Registered office	Hedensted
Financial year	1 January - 31 December
Website	www.daka.dk
E-mail	daka@daka.dk
Board of Directors	Tim A. Schwencke, Chairman Preben Sunke Franz-Bernhard Thier Hendrikus J. A. van Boxel Jan Roelsgaard Niels Jørgen Villesen Jacob Martin Andersen (employee representative) Lars Jørgen Nielsen (employee representative)
Executive Board	Lars Krause-Kjær, CEO
Auditors	EY Godkendt Revisionspartnerselskab EY Huset Værkmestergade 25, DK-8000 Aarhus C

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	951,120	851,589	893,874	885,340	904,728
Gross profit	320,340	232,828	220,178	189,614	145,501
EBITDA	249,175	236,946	152,771	190,400	152,894
Ordinary operating profit	181,882	100,837	92,797	80,792	33,278
Profit/loss from financial income and expense	846	-4,199	-1,781	-473	814
Profit before tax	205,777	187,627	121,068	109,212	60,059
Profit for the year	165,222	151,584	99,497	90,365	49,703
Balance sheet					
Non-current assets	381,905	446,618	430,130	408,784	446,265
Current assets	325,336	286,656	347,377	333,612	238,788
Total assets	707,241	733,274	777,507	742,396	685,053
Share capital	27,540	27,540	27,540	27,540	27,540
Equity	413,565	363,044	372,146	338,356	278,123
Provisions	2,186	1,167	0	0	0
Non-current liabilities other than provisions	91,868	104,035	228,772	240,237	244,209
Current liabilities other than provisions	199,622	265,028	176,589	163,803	162,721
Financial ratios					
Operating margin	19.5%	12.8%	11.3%	9.7%	4.9%
Gross margin	33.7%	27.3%	24.6%	21.4%	16.1%
Return on invested capital, excl. goodwill	61.4%	35.0%	29.9%	24.8%	11.3%
Return on invested capital, incl. goodwill	61.4%	35.0%	29.9%	24.2%	10.5%
Return on equity	42.5%	41.2%	28.0%	29.3%	15.3%
Solvency ratio	58.5%	49.5%	47.9%	45.5%	40.6%
Average number of full-time employees	237	242	257	261	271

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

Management's review

Principal activities

The principal activity of the Company is to purchase animal by-products from slaughterhouses, the meat and farming industry, etc. and to process these products into various finished products for the pet food, feed, energy, fertilization and foodstuff markets. 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 amounts to DKK 165,222 thousand derived from revenue of DKK 951,120 thousand.

Operating profit amounted to DKK 185,210 thousand in 2020 compared to DKK 168,458 thousand last year. Included in operating profit last year was a gain on the disposal of non-current assets deducted costs related to sale.

Management considers the profit for the year satisfactory.

Of the profit for the year, dividends of DKK 123,917 thousand are proposed to the shareholders and DKK 41,305 thousand is taken to equity as retained earnings.

The Company's equity totals DKK 413,565 thousand, including proposed dividends, corresponding to 58.5% of the balance sheet total.

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 Company processed a significant part of these culled minks, the net results in the financial year 2020 is positively affected by this special situation. On the other hand, minks 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 Company has not undertaken any particular commercial risks other than those considered usual for the nature and size of the Company.

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

Intellectual capital

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

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

Environmental issues

The Company 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 Company does not carry on any research activities. The Company's production processes are continuously being optimized, just as its finished goods are undergoing constant development in order to add value thereto in the Company's sales channels.

Corporate social responsibility

According to applicable Danish accounting legislation, the Daka Denmark A/S 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 Company 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 Daka 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 Company 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 Company's business model

Daka Denmark A/S' Parent Company 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:

<u>Suppliers</u>	<u>Raw materials</u>
Primary farm industry	Fallen stock yielding marketable produce (e.g. pigs and cattle)
Mink breeders and mink fur producers	Skinned carcasses 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 Category 1	Meal for energy and fertiliser Fat for energy purposes 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 Company'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 minimize 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 company'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	<p>The area is in general deemed subject to limited risk.</p> <p>The Company'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.</p> <p>A small part of the Company's sale of finished goods takes place to countries where there is a risk of corruption and bribe.</p> <p>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 Company fails to win orders.</p> <p>Relevant employees in the Company have accepted the Group's compliance programme.</p>

COVID-19

No particular risks from the COVID-19 pandemic toward the largest business areas of the Company 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.

Management's review

Like many other companies in Denmark, special initiatives to ensure the health of our employees have been taken. Advice 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.).

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

Human rights

The Company 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 Company to source its raw materials from the Scandinavian and to a minor extent, the Northern European markets, where compliance with human rights is deemed to be 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 Company 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 Daka 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 Company.

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 Company 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 Company performs its activities.

Naturally, several environmental issues are relevant to the Company. In the past year, Management has in particular focused on odour emissions from the facilities in Randers. 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 Company'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.

Management's review

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

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

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

Major tasks in the Company's energy management system are to analyse and monitor the energy consumption and to identify energy conservation projects. Projects are monitored and the Company 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 Company.

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 Company 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 Company'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.

Management's review

The degree of compliance is not systematically measured as deviations are deemed to be evident in a business of DAKA 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 Company 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 Company 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.

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 Company 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 finalized 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 Company
- ▶ On a yearly basis retrieval of a confirmation letter from relevant employees concerning individual compliance.

Management's review

Gender composition

The gender composition in Daka Denmark A/S is not equal, mainly because the Company is a manufacturing company, which for many years has 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 Daka Denmark A/S comprised 45 persons at 31 December 2020, which included the Company's Executive Board and the department managers of various functions and selected specialists. Female managers on the management team made up 22% in 2020. Female employees made up 26% of all employees in the Company in 2020.

Daka Denmark A/S wishes to ensure equal opportunities to 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.

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.

Daka Denmark A/S' overall goal is to ensure that the Executive Board and management team at all times are made up of the most suitable candidates, irrespective of gender. Furthermore, Daka Denmark A/S wishes to ensure equal opportunities for all and wishes to represent the female/male ratio in society also at management level. In connection with setting goals for the share of women on the Board, the Company has laid down a policy, which describes how to maintain and, if possible, increase the share of women in the Company in general and at management level in particular. In general, the policy comprises three initiatives regarding women in management positions: Attention by the Company so that female managers are a focus area in the Daka Group, attraction and recruitment, where the Company 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.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
3	Revenue	951,120	851,589
	Production costs	-630,780	-618,761
	Gross profit	320,340	232,828
	Distribution costs	-34,959	-39,881
	Administrative expenses	-103,499	-92,110
	Ordinary operating profit	181,882	100,837
	Other operating income	8,481	70,696
	Other operating costs	-5,153	-3,075
	Operating profit	185,210	168,458
	Income from investments in group enterprises	19,721	23,368
	Income from other investments	1,619	841
4	Other financial income	3,351	2,948
5	Financial expenses	-4,124	-7,988
	Profit before tax	205,777	187,627
6	Tax on profit for the year	-40,555	-36,043
	Profit for the year	<u>165,222</u>	<u>151,584</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Non-current assets		
7	Intangible assets		
	Software	19,537	431
	Intangible assets under construction	1,154	16,992
		<u>20,691</u>	<u>17,423</u>
8	Property, plant and equipment		
	Land and buildings	87,044	92,823
	Plant and machinery	150,706	148,340
	Fixtures and fittings, tools and equipment	32,287	36,608
	Property, plant and equipment under construction	9,376	14,094
		<u>279,413</u>	<u>291,865</u>
	Investments		
9	Investments in subsidiaries	66,866	122,395
	Other investments	14,935	14,935
		<u>81,801</u>	<u>137,330</u>
	Total non-current assets	<u>381,905</u>	<u>446,618</u>
	Current assets		
	Inventories		
	Raw materials and consumables	36,425	24,370
	Work in progress	0	1,527
	Finished goods and goods for resale	49,833	62,264
		<u>86,258</u>	<u>88,161</u>
	Receivables		
	Trade receivables	77,186	74,809
	Amounts owed by group entities	141,443	113,526
	Amounts owed by associates	1,479	1,975
	Other receivables	5,620	3,293
	Prepayments	4,542	4,874
		<u>230,270</u>	<u>198,477</u>
	Cash	<u>8,808</u>	<u>18</u>
	Total current assets	<u>325,336</u>	<u>286,656</u>
	TOTAL ASSETS	<u>707,241</u>	<u>733,274</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	27,540	27,540
	Hedging reserve	-1,780	496
	Retained earnings	263,888	221,320
	Proposed dividends	123,917	113,688
	Total equity	413,565	363,044
	Provisions		
10	Provisions for deferred tax	2,186	1,167
	Liabilities other than provisions		
12	Non-current liabilities other than provisions		
	Mortgage loans	91,868	98,997
	Other payables	0	5,038
		91,868	104,035
	Current liabilities other than provisions		
	Current portion of non-current liabilities other than provisions	7,130	7,130
	Credit institutions	0	28,710
	Trade payables	87,573	100,064
	Amounts owed to group entities	32,552	91,363
	Corporation tax	8,217	5,342
	Other payables	61,299	26,814
	Deferred income	2,851	5,605
		199,622	265,028
	Total liabilities other than provisions	291,490	369,063
	TOTAL EQUITY AND LIABILITIES	707,241	733,274

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

Financial statements for the period 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total
		27,540	5,498	224,485	114,623	372,146
		0	0	0	-114,623	-114,623
		0	0	-1,061	0	-1,061
		0	-5,002	0	0	-5,002
18	Transferred; see profit appropriation	0	0	-2,104	113,688	111,584
		<u>27,540</u>	<u>496</u>	<u>221,320</u>	<u>113,688</u>	<u>363,044</u>
		0	0	0	-113,688	-113,688
		0	0	1,263	0	1,263
		0	-2,276	0	0	-2,276
18	Transferred; see profit appropriation	0	0	41,305	123,917	165,222
		<u>27,540</u>	<u>-1,780</u>	<u>263,888</u>	<u>123,917</u>	<u>413,565</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Daka Denmark A/S 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.

Referring to section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared as Daka Denmark A/S and group enterprises are included in the consolidated financial statements of the parent company, SARIA Denmark ApS.

Referring to section 86 of the Danish Financial Statements Act, no cash flow statement has been prepared, as the consolidated financial statements of the ultimate parent company, SARIA Denmark ApS, include a consolidated cash flow statement, in which the Company's cash flows are incorporated.

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 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.

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.

Notes to the financial statements

1 Accounting policies (continued)

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 have been transferred to the buyer 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 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. Also, costs relating to sales staff, advertising, exhibitions, transport and warehouse rent and depreciation are 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.

Profits/losses from investments in subsidiaries

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.

Financial income and expenses

Financial income and expenses comprise interest income and expense, 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 Company'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 Company's operating activities.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax on profit/loss for the year

The Parent Company is covered by the Danish rules on compulsory joint taxation of the 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 joint taxation contributions 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 is 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.

CO₂ rights

On initial recognition, CO₂ rights allocated and acquired are measured at cost. If CO₂ rights are allocated free of charge, cost is DKK 0.

The basis of amortisation for the CO₂ 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. The CO₂ rights are amortised as discharged.

To the extent that the actual discharge exceeds the CO₂ rights allocated and acquired, a liability is recognised corresponding to the fair value of the CO₂ 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries 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 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 Daka Denmark A/S' annual report are not recognised in the reserve for net revaluation.

Acquisitions of subsidiaries 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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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".

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.

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.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
2 Special items		
Gain on the disposal of non-current assets	0	61,263
Costs related to sale of non-current assets	0	-1,887
	<u>0</u>	<u>59,376</u>
Special items are recognised in the below line items:		
Other operating income	0	61,263
Other operating costs	0	-1,887
	<u>0</u>	<u>59,376</u>
3 Revenue		
Finished goods, Denmark	102,859	100,317
Finished goods, abroad	159,365	146,572
Biodiesel, Denmark	424,824	321,908
Raw material fees, Denmark	253,790	270,837
Raw material fees, abroad	10,282	11,955
	<u>951,120</u>	<u>851,589</u>
4 Other financial income		
Interest income from subsidiaries	443	478
Other interest income	7	2
Other financial income	2,901	2,468
	<u>3,351</u>	<u>2,948</u>
5 Financial expenses		
Interest expense from subsidiaries	723	2,063
Other interest expense	1,946	2,779
Other financial expense	1,455	3,146
	<u>4,124</u>	<u>7,988</u>
6 Tax on the profit for the year		
Current tax for the year	38,893	27,846
Adjustment of deferred tax	1,662	8,238
Adjustment of tax relating to previous years	0	-41
	<u>40,555</u>	<u>36,043</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK'000	Intangible assets under construction		Total
	Software		
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		-1,082
Amortisation for the year	1,359		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	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
					Total
Cost at 1 January 2020	168,371	439,252	105,164	14,094	726,881
Additions during the year	4,209	40,429	4,404	9,148	58,190
Transferred	3,025	7,600	3,241	-13,866	0
Disposals during the year	-1,151	-26,759	-8,414	0	-36,324
Cost at 31 December 2020	174,454	460,522	104,395	9,376	748,747
Depreciation and impairment losses at 1 January 2020	75,548	290,912	68,556	0	435,016
Disposals during the year	-1,135	-22,254	-8,227	0	-31,616
Write-down during the year	4,202	22,014	1,375	0	27,591
Depreciation during the year	8,795	19,144	10,404	0	38,343
Depreciation and impairment losses at 31 December 2020	87,410	309,816	72,108	0	469,334
Carrying amount at 31 December 2020	87,044	150,706	32,287	9,376	279,413
Depreciated over	15-20 years	8-15 years	3-6 years		

Financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Investments in subsidiaries

DKK'000	2020	2019
Cost at 1 January	130,010	130,010
Additions during the year	0	0
Cost at 31 December	130,010	130,010
Value adjustments at 1 January	-7,615	-10,859
Dividend paid	-76,513	-19,063
Foreign currency translation	1,263	-1,061
Profit/loss for the year	19,721	23,368
Value adjustments at 31 December	-63,144	-7,615
Carrying amount at 31 December	66,866	122,395

Name and registered office:	Voting rights and ownership
Daka ecoMotion A/S, Hedensted	100.0 %
DAKA Ejendomme og Finans A/S, Hedensted	100.0 %
Konvex AB, Lidköping, Sweden	100.0 %

10 Deferred tax

DKK'000	2020	2019
Deferred tax at 1 January	1,167	-5,660
Adjustment of the deferred tax charge for the year	1,662	8,238
Tax on equity transactions	-643	-1,411
Deferred tax at 31 December	2,186	1,167

11 Share capital

The share capital comprises 27,539,600 shares of DKK 1 nominal value each. All shares rank equally.

12 Non-current liabilities

DKK'000	2020	2019
Amounts owed to mortgage credit institutions which fall due more than 5 years after the balance sheet date	63,349	70,478

Financial statements for the period 1 January - 31 December

Notes to the financial statements

13 Contingencies, etc.

DKK'000	2020	2019
Contingent liabilities		
Lease obligations (operating leases) which fall due within 5 years	30,714	17,900
Guarantee for pension commitment in subsidiary	2,042	1,970
	<u>32,756</u>	<u>19,870</u>

Joint taxation

Daka Denmark A/S Group is jointly taxed with the Parent Company, SARIA Denmark ApS. Jointly taxed companies which are not wholly owned have limited and secondary liability for Danish withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed enterprises' total known net liabilities to the tax authorities/SKAT are stated in the financial statements of the administration company. Any subsequent corrections of the joint taxation income and withholding taxes, etc. may result in an increase in the Company's liability.

14 Mortgages and collateral

Land and buildings with a carrying amount of DKK 92,823 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 106,127 thousand at 31 December 2020.

DKK'000	2020	2019
15 Staff costs		
Wages and salaries	140,297	137,458
Pensions	11,108	10,871
Other social security costs	4,592	5,594
	<u>155,997</u>	<u>153,923</u>
Remuneration to the Executive Board and the Board of Directors	<u>1,933</u>	<u>1,910</u>
Average number of full-time employees	<u>237</u>	<u>242</u>

16 Fees paid to auditors appointed at the annual general meeting

Statutory audit	248	248
Assurance engagements	49	80
Tax consultancy	57	23
Other non-audit services	602	357
	<u>956</u>	<u>708</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

17 Related party disclosures

Parties exercising control

SARIA Denmark ApS, Lundagervej 21, DK-8722 Hedensted holds the majority of the share capital in the Company.

The consolidated financial statements of SARIA Denmark ApS are available at the Company's address.

Daka Denmark A/S is included in the consolidated financial statements of the ultimate parent company, Rethmann SE & Co. KG, Selm, Germany.

18 Appropriation of profit/loss DKK'000

	2020	2019
Extraordinary dividends paid	0	40,000
Proposed dividends	123,917	113,688
Retained earnings	41,305	-2,104
	<u>165,222</u>	<u>151,584</u>