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Holding Solina Denmark ApS

Niels Bohrs Vej 55
8660 Skanderborg
Central Business Registration
No 34073910

Annual report 2019

The Annual General Meeting adopted the annual report on 24.03.2020

Chairman of the General Meeting



Name: Bertrand Marie Vaz

Contents

	Page
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2019	9
Consolidated balance sheet at 31.12.2019	10
Consolidated statement of changes in equity for 2019	12
Consolidated cash flow statement for 2019	13
Notes to consolidated financial statements	14
Parent income statement for 2019	19
Parent balance sheet at 31.12.2019	20
Parent statement of changes in equity for 2019	22
Notes to parent financial statements	23
Accounting policies	25

Entity details

Entity

Holding Solina Denmark ApS
Niels Bohrs Vej 55
8660 Skanderborg

Central Business Registration No (CVR): 34073910

Registered in: Skanderborg

Financial year: 01.01.2019 - 31.12.2019

Statutory reports on the entity's website

Statutory report on corporate social responsibility: <https://www.solina-retail.dk/foedevareoversigt/sammenslutninger>

Executive Board

Morten Hellesen
Dorte Munch-Nielsen Sønderup
Bertrand Marie Vaz

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
8000 Aarhus C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Holding Solina Denmark ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

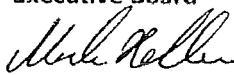
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Stilling, 24.03.2020

Executive Board


Morten Helleesen


Dorte Munch-Nielsen Søndelup


Bertrand Marie Vaz

Independent auditor's report

To the shareholders of Holding Solina Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Holding Solina Denmark ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Other matter Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the

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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity'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 consolidated financial statements and the parent 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 Entity'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

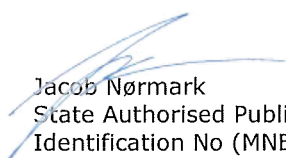
Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.


Aarhus, 24.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556



Jacob Nørmark
State Authorised Public Accountant
Identification No (MNE) mne30176



Kasper Vestergaard Jessen
State Authorised Public Accountant
Identification No (MNE) mne42784

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2014/15 DKK'000
Financial highlights					
Key figures					
Revenue	330.047	361.042	380.312	379.689	438.128
Gross profit/loss	95.874	95.962	84.041	84.649	94.429
Operating profit/loss	25.619	28.013	14.576	14.495	13.711
Net financials	(4.860)	(5.700)	(5.694)	(5.826)	(582)
Profit/loss for the year	15.926	17.097	6.443	6.276	9.277
Total assets	163.761	177.273	201.413	183.151	191.553
Investments in property, plant and equipment	1.931	2.031	3.047	2.057	2.371
Equity	39.425	31.462	26.847	20.762	14.265
Average numbers of employees	107	108	109	110	110
Ratios					
Gross margin (%)	29,0	26,6	22,1	22,3	21,6
Net margin (%)	4,8	4,7	1,7	1,7	2,1
Return on equity (%)	44,9	58,6	27,1	35,8	14,4
Equity ratio (%)	24,1	17,7	13,3	11,3	7,4
Revenue per employee	3.084,6	3.343,0	3.489,1	3.451,7	3.983,0

The financial highlights for 2014/15 is not directly comparable to the comparative figures, as the financial year was extended and covered the period 01.10.2014-31.12.2015, equal to 15 months, whereas the other years figures covers a period equal to 12 months each.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities

The Holding Solina Denmark ApS group's primary activity is to manufacture blends of spices and functional ingredients and to sell spices, ingredients, additives, intestine etc. for the industrial market in and outside Denmark. The group is also a full-line supplier of spices, spice blends, marinades, packaging, intestine and hand tools for butchers as well as for butcher and food specialty stores in the Danish retail sector.

Development in activities and finances

The group's income statement for 2019 shows a profit of DKK 15,926k, and the Company's balance sheet at 31 December 2019 shows equity of DKK 39,425k.

The resources spent in the previous financial year on optimisation of the group's future business model as part of the Solina Group are expected to contribute to progress in revenue as well as earnings.

Development and profit for the year are considered to be at an acceptable level.

Outlook

The platform, which was established for the subsidiary SFK Food A/S through the integration in the Solina Group, is expected to result in increased future sales and improved efficiency, and Management therefore expects a continued positive development in 2020.

The outbreak and spread of COVID-19 at the beginning of 2020 has not yet affected our business but has resulted in increased uncertainty relating to future customer demand, our supply chain and our future ability to deliver to our customers.

For 2020 Management expects an improvement in revenue and profit after tax compared to the outcome for 2019. These expectations do not include any consequential impact from COVID-19.

Particular risks

Relating to exchange rate risks, the group primarily makes transactions with customers in either DKK or EUR and thus with a minimal exchange rate risk. On the supply side, transactions are also made in e.g. USD but risk is minimized by long-term contractual agreements.

Statutory report on corporate social responsibility

The group has joined the UN Global Compact. The publicly accessible UN Global report is compliant with the current CSR legislation for Danish companies and can be read by the following link: <https://www.solina-retail.dk/foedevareoversigt/sammenslutninger>

Statutory report on the underrepresented gender

Diversity and equality policy

Management commentary

It is important to the group to avoid any kind of discrimination in all parts of the enterprise - in Denmark as well as abroad. It is the group's aim that the specific conditions, including working conditions, comply with group policies and with relevant local conditions.

Employment with the group is always based on the actual competences for which reason recruitment, promotions and dismissals are never affected by the applicant's or the employee's race, ethnic or social background, gender, religion etc. The group wants the composition of the total workforce of employees and executives to be broad and diversified as we believe this to foster innovation and development and to be a basic condition for continued business success.

The group has prepared a policy for equality in the different management bodies of the enterprise with the purpose of securing more female representatives in Management. This policy is also known to and complied by our external recruitment partner. In 2019 our recruitment and promotion processes paid regard to these targets. Moreover, it is the group's target that at least one woman joins the group's Board of Directors by the end of year 2020. This target was reached in 2019 and at present, there is one woman represented on the Executive Board. The board consists of 3 persons. Another target is that the Group's management group consists of 30% women as a minimum, also by the end of year 2020. We encourage women internally to apply for vacant management positions and presently there are 3 women represented in the management group (43%).

Events after the balance sheet date

Based on the assumption that the effect of COVID-19 will decrease during Q2 2020, the Group's management has estimated that there is no need to write down the group's production plant. Any future indication of impairment will, of course, depend on the time horizon of COVID-19 and its possible business consequences.

Apart from this, no events have occurred after the balance sheet date which would influence the evaluation of the annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue	2	330.047.481	361.042.479
Cost of sales		(187.611.369)	(217.317.348)
Production costs	4, 5	<u>(46.561.943)</u>	<u>(47.763.081)</u>
Gross profit/loss		95.874.169	95.962.050
Distribution costs	4, 5	(51.776.528)	(51.831.528)
Administrative expenses	3, 4, 5	<u>(18.478.759)</u>	<u>(16.117.557)</u>
Operating profit/loss		25.618.882	28.012.965
Other financial income	6	44.712	0
Other financial expenses		(4.905.049)	(5.699.597)
Profit/loss before tax		20.758.545	22.313.368
Tax on profit/loss for the year	7	<u>(4.832.314)</u>	<u>(5.216.467)</u>
Profit/loss for the year	8	<u>15.926.231</u>	<u>17.096.901</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Completed development projects		3.743.026	3.506.435
Acquired intangible assets		0	5.546.385
Intangible assets	9	3.743.026	9.052.820
Plant and machinery		8.513.311	11.741.556
Other fixtures and fittings, tools and equipment		810.978	1.404.109
Leasehold improvements		8.328.036	9.763.199
Property, plant and equipment in progress		538.528	727.043
Property, plant and equipment	10	18.190.853	23.635.907
Deposits		2.859.568	2.794.251
Fixed asset investments	11	2.859.568	2.794.251
Fixed assets		24.793.447	35.482.978
Raw materials and consumables		31.067.001	30.288.839
Manufactured goods and goods for resale		12.958.000	13.075.400
Prepayments for goods		0	593.650
Inventories		44.025.001	43.957.889
Trade receivables		46.625.641	52.838.593
Receivables from group enterprises		14.273.661	6.659.177
Other receivables		225.471	75.217
Income tax receivable		834.147	0
Joint taxation contribution receivable		0	560.379
Prepayments	12	1.151.615	1.217.896
Receivables		63.110.535	61.351.262
Cash		31.832.318	36.480.984
Current assets		138.967.854	141.790.135
Assets		163.761.301	177.273.113

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		14.061.995	14.061.995
Retained earnings		5.363.180	9.400.251
Proposed dividend		20.000.000	8.000.000
Equity		39.425.175	31.462.246
Deferred tax	13	1.298.000	3.386.936
Provisions		1.298.000	3.386.936
Finance lease liabilities		0	335.864
Payables to group enterprises		79.794.640	88.739.923
Other payables		1.871.584	0
Non-current liabilities other than provisions	14	81.666.224	89.075.787
Current portion of long-term liabilities other than provisions	14	335.785	548.756
Bank loans		2.377.132	4.645
Trade payables		20.498.705	28.895.926
Payables to group enterprises		2.229.552	1.847.032
Income tax payable		654.274	7.328.762
Joint taxation contribution payable		337.124	0
Other payables		14.939.330	14.723.023
Current liabilities other than provisions		41.371.902	53.348.144
Liabilities other than provisions		123.038.126	142.423.931
Equity and liabilities		163.761.301	177.273.113
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	14.061.995	9.400.251	8.000.000	31.462.246
Ordinary dividend paid	0	0	(8.000.000)	(8.000.000)
Exchange rate adjustments	0	36.698	0	36.698
Profit/loss for the year	0	(4.073.769)	20.000.000	15.926.231
Equity end of year	14.061.995	5.363.180	20.000.000	39.425.175

Consolidated cash flow statement for 2019

	Notes	2019 DKK	2018 DKK
Operating profit/loss		25.618.882	28.012.965
Amortisation, depreciation and impairment losses		14.703.442	16.532.620
Working capital changes	15	(7.705.608)	(1.956.249)
Cash flow from ordinary operating activities		32.616.716	42.589.336
Financial income received		44.712	0
Financial expenses paid		(4.747.890)	(5.699.597)
Income taxes refunded/(paid)		(13.463.360)	(1.906.015)
Cash flows from operating activities		14.450.178	34.983.724
Acquisition etc of intangible assets		(2.744.181)	(2.355.426)
Acquisition etc of property, plant and equipment		(1.204.413)	(2.030.927)
Acquisition of fixed asset investments		(70.559)	(479.852)
Cash flows from investing activities		(4.019.153)	(4.866.205)
Repayments of loans etc		(548.835)	(637.908)
Repayment of debt to group enterprises		(8.945.283)	(21.502.671)
Dividend paid		(8.000.000)	(12.600.000)
Cash flows from financing activities		(17.494.118)	(34.740.579)
Increase/decrease in cash and cash equivalents		(7.063.093)	(4.623.060)
Cash and cash equivalents beginning of year		36.476.339	40.979.438
Currency translation adjustments of cash and cash equivalents		41.940	119.961
Cash and cash equivalents end of year		29.455.186	36.476.339
Cash and cash equivalents at year-end are composed of:			
Cash		31.832.318	36.480.984
Short-term debt to banks		(2.377.132)	(4.645)
Cash and cash equivalents end of year		29.455.186	36.476.339

Notes to consolidated financial statements

1. Events after the balance sheet date

Based on the assumption that the effect of COVID-19 will decrease during Q2 2020, the group's management has estimated that there is no need to write down the group's production plant. Any future indication of impairment will, of course, depend on the time horizon of COVID-19 and its possible business consequences.

Apart from this, no events have occurred after the balance sheet date which would influence the evaluation of the annual report.

	2019 DKK	2018 DKK
2. Revenue		
Denmark	251.228.004	258.061.861
Other EU Countries	29.972.397	47.075.366
Other Countries	48.847.080	55.905.252
	330.047.481	361.042.479

The revenue is solely derived from one segment.

	2019 DKK	2018 DKK
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	230.000	230.000
Tax services	30.000	24.600
Other services	70.000	142.000
	330.000	396.600

	2019 DKK	2018 DKK
4. Staff costs		
Wages and salaries	52.988.702	51.448.082
Pension costs	3.809.414	3.731.205
Other social security costs	1.527.983	1.476.822
	58.326.099	56.656.109
Staff costs classified as assets	(2.744.181)	(2.373.454)
	55.581.918	54.282.655

Average number of employees	107	107
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Referring to S. 98b, 3 of the Danish Financial Statement Act, disclosures on management's remuneration have been omitted.

Notes to consolidated financial statements

	2019 DKK	2018 DKK
5. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	8.053.975	9.653.393
Depreciation on property, plant and equipment	6.649.467	6.879.227
	14.703.442	16.532.620
	2019 DKK	2018 DKK
6. Other financial income		
Financial income arising from group enterprises	44.712	0
	44.712	0
	2019 DKK	2018 DKK
7. Tax on profit/loss for the year		
Current tax	6.474.314	6.598.996
Change in deferred tax	(1.642.000)	(1.382.529)
	4.832.314	5.216.467
	2019 DKK	2018 DKK
8. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	20.000.000	8.000.000
Retained earnings	(4.073.769)	9.096.901
	15.926.231	17.096.901
	Completed develop- ment projects DKK	Acquired intangible assets DKK
9. Intangible assets		
Cost beginning of year	7.974.894	63.929.253
Additions	2.744.181	0
Cost end of year	10.719.075	63.929.253
Amortisation and impairment losses beginning of year	(4.468.459)	(58.382.868)
Amortisation for the year	(2.507.590)	(5.546.385)
Amortisation and impairment losses end of year	(6.976.049)	(63.929.253)
Carrying amount end of year	3.743.026	0

Completed development projects consists of developed recipes on marinades and spice mixtures. All recipes are included in the company's sales and normal coverings are realized on these. Management has not identified indications of impairment losses in relation to the carrying amount.

Notes to consolidated financial statements

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Property, plant and equipment in progress DKK
10. Property, plant and equipment				
Cost beginning of year	43.609.980	14.138.454	18.333.192	727.043
Transfers	0	0	0	(727.043)
Additions	834.313	310.944	247.671	538.528
Cost end of year	44.444.293	14.449.398	18.580.863	538.528
Depreciation and impairment losses beginning of year	(31.868.424)	(12.734.345)	(8.569.993)	0
Depreciation for the year	(4.062.558)	(904.075)	(1.682.834)	0
Depreciation and impairment losses end of year	(35.930.982)	(13.638.420)	(10.252.827)	0
Carrying amount end of year	8.513.311	810.978	8.328.036	538.528
Recognised assets not owned by entity	335.785	-	-	-
				Deposits DKK
11. Fixed asset investments				
Cost beginning of year				2.794.251
Exchange rate adjustments				(5.242)
Additions				70.559
Cost end of year				2.859.568
Carrying amount end of year				2.859.568
12. Prepayments				
Prepayments comprise incurred costs relating to subsequent financial years.				

Notes to consolidated financial statements

	<u>2019 DKK</u>	<u>2018 DKK</u>
13. Deferred tax		
Intangible assets	822.000	1.978.000
Property, plant and equipment	476.000	962.000
Other taxable temporary differences	0	446.936
	<u>1.298.000</u>	<u>3.386.936</u>

Changes during the year

Beginning of year	3.386.936
Recognised in the income statement	(1.642.000)
Reclassification	(446.936)
End of year	<u>1.298.000</u>

	<u>Due within 12 months 2019 DKK</u>	<u>Due within 12 months 2018 DKK</u>	<u>Due after more than 12 months 2019 DKK</u>	<u>Outstanding after 5 years DKK</u>
14. Liabilities other than provisions				
Finance lease liabilities	335.785	548.756	0	0
Payables to group enterprises	0	0	79.794.640	79.794.640
Other payables	0	0	1.871.584	1.871.584
	<u>335.785</u>	<u>548.756</u>	<u>81.666.224</u>	<u>81.666.224</u>

	<u>2019 DKK</u>	<u>2018 DKK</u>
15. Change in working capital		
Increase/decrease in inventories	(67.112)	8.106.394
Increase/decrease in receivables	(1.711.686)	(1.537.611)
Increase/decrease in trade payables etc	(5.926.810)	(8.525.032)
	<u>(7.705.608)</u>	<u>(1.956.249)</u>

	<u>2019 DKK</u>	<u>2018 DKK</u>
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>32.948.969</u>	<u>35.679.150</u>

17. Assets charged and collateral

Certain plant and machinery as well as other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 335,785.

Notes to consolidated financial statements

The Company SFK Food A/S has provided a floating charge to Sydbank A/S of DKK 95,000,000. The floating charge is granted on unsecured claims, inventories, operating equipment as well as intellectual property rights.

The carrying amount of granted unsecured claims as per 31.12.2019 is DKK 43,488,991

The carrying amount of granted operating equipment as per 31.12.2019 is DKK 17,811,503

The carrying amount of granted inventories as per 31.12.2019 is DKK 43,104,866

The carrying amount of granted intellectual property rights as per 31.12.2019 is DKK 3,743,026

18. Transactions with related parties

All transactions with related parties are made on market terms.

	<u>Registered in</u>	<u>Equity inte- rest %</u>
19. Subsidiaries		
SFK Food A/S	Skanderborg	100,0
Solina Norway AS	Norway	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Administrative expenses		(25.800)	(26.400)
Operating profit/loss		(25.800)	(26.400)
Income from investments in group enterprises		18.982.487	20.781.320
Other financial expenses		(3.842.217)	(4.669.595)
Profit/loss before tax		15.114.470	16.085.325
Tax on profit/loss for the year	2	811.761	1.011.576
Profit/loss for the year	3	15.926.231	17.096.901

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Investments in group enterprises		115.813.785	116.794.600
Fixed asset investments	4	115.813.785	116.794.600
Fixed assets		115.813.785	116.794.600
Receivables from group enterprises		2.540.847	3.285.130
Income tax receivable		834.147	0
Joint taxation contribution receivable		314.700	6.741.600
Receivables		3.689.694	10.026.730
Cash		78.461	734.602
Current assets		3.768.155	10.761.332
Assets		119.581.940	127.555.932

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital	5	14.061.995	14.061.995
Reserve for net revaluation according to the equity method		0	1.055.695
Retained earnings		5.363.181	8.344.557
Proposed dividend		20.000.000	8.000.000
Equity		39.425.176	31.462.247
Payables to group enterprises		79.794.640	88.739.923
Non-current liabilities other than provisions		79.794.640	88.739.923
Trade payables		25.000	25.000
Income tax payable		0	7.328.762
Joint taxation contribution payable	6	337.124	0
Current liabilities other than provisions		362.124	7.353.762
Liabilities other than provisions		80.156.764	96.093.685
Equity and liabilities		119.581.940	127.555.932
Events after the balance sheet date	1		
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Equity beginning of year	14.061.995	1.055.695	8.344.557	8.000.000
Ordinary dividend paid	0	0	0	(8.000.000)
Exchange rate adjustments	0	36.698	0	0
Transfer to reserves	0	(1.092.393)	1.092.393	0
Profit/loss for the year	0	0	(4.073.769)	20.000.000
Equity end of year	14.061.995	0	5.363.181	20.000.000
				Total DKK
Equity beginning of year				31.462.247
Ordinary dividend paid				(8.000.000)
Exchange rate adjustments				36.698
Transfer to reserves				0
Profit/loss for the year				15.926.231
Equity end of year				39.425.176

Notes to parent financial statements

1. Events after the balance sheet date

Based on the assumption that the effect of COVID-19 will decrease during Q2 2020, the Company's management has estimated that there is no need to write down the Company's production plant. Any future indication of impairment will, of course, depend on the time horizon of COVID-19 and its possible business consequences.

Apart from this, no events have occurred after the balance sheet date which would influence the evaluation of the annual report.

	2019 DKK	2018 DKK
2. Tax on profit/loss for the year		
Current tax	(811.761)	(1.011.576)
	(811.761)	(1.011.576)
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	20.000.000	8.000.000
Retained earnings	(4.073.769)	9.096.901
	15.926.231	17.096.901
		Invest-
		ments in
		group
		enterprises
		DKK
4. Fixed asset investments		
Cost beginning of year		95.738.905
Cost end of year		95.738.905
Revaluations beginning of year		21.055.695
Exchange rate adjustments		36.698
Share of profit/loss for the year		18.982.487
Dividend		(20.000.000)
Revaluations end of year		20.074.880
Carrying amount end of year		115.813.785

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
5. Contributed capital			
Ordinary shares	14.061.995	1	14.061.995
	14.061.995		14.061.995

6. Joint taxation contribution payable

Skyldige sambeskatningsbidrag

7. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

8. Assets charged and collateral

None.

9. Related parties with controlling interest

Solina Belgium NV/SA, Belgium, owns all shares in the company and thus has the controlling interest of the Entity.

Solina France SaS, France, owns all shares in Solina Belgium NV/SA and thus has the controlling interest of the this.

Holding Solina SaS, France, owns all shares in Financiere Savena SaS and thus has the controlling interest of the this.

Solina Corporate SaS, France, owns all shares in Holding Solina SaS and thus has the controlling interest of the this.

10. Transactions with related parties

All transactions with related parties are made on market terms.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year with some reclassifications.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Accounting policies

Administrative expenses

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed, intellectual property rights and acquired intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Accounting policies

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	1-5 years
Leasehold improvements	7-12 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 5 years.

Inventories

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

Accounting policies

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Accounting policies

Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.