

## Holding Solina Denmark ApS

Niels Bohrs Vej 55  
8660 Skanderborg  
CVR No. 34073910

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 09.04.2021

A handwritten signature in black ink, appearing to read 'B. Vaz', positioned above a horizontal line.

**Bertrand Marie Vaz**  
Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2020	10
Consolidated balance sheet at 31.12.2020	11
Consolidated statement of changes in equity for 2020	13
Consolidated cash flow statement for 2020	14
Notes to consolidated financial statements	16
Parent income statement for 2020	21
Parent balance sheet at 31.12.2020	22
Parent statement of changes in equity for 2020	24
Notes to parent financial statements	25
Accounting policies	27

# Entity details

## Entity

Holding Solina Denmark ApS  
Niels Bohrs Vej 55  
8660 Skanderborg

Business Registration No.: 34073910  
Registered office: Skanderborg  
Financial year: 01.01.2020 - 31.12.2020

## Statutory reports on the Entity's website

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

## Executive Board

Dorte Munch-Nielsen Sønderup  
Bertand Vaz  
Adam Paul Jones

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

# Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Holding Solina Denmark ApS for the financial year 01.01.2020 - 31.12.2020

The annual report is presented 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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, 09.04.2021

Executive Board



**Dorte Munch-Nielsen Sønderskov**



**Bertand Vaz**



**Adam Paul Jones**

# 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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### 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 Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Statement on the management 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, 09.04.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556



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



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

# Management commentary

## Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	327,330	330,047	361,042	380,312	379,689
Gross profit/loss	99,563	95,874	95,962	84,041	84,649
Operating profit/loss	26,243	25,619	28,013	14,576	14,495
Net financials	(3,796)	(4,860)	(5,700)	(5,694)	(5,826)
Profit/loss for the year	17,538	15,926	17,097	6,443	6,276
Balance sheet total	144,876	163,761	177,273	201,413	183,151
Investments in property, plant and equipment	1,198	1,931	2,031	3,047	2,057
Equity	21,566	39,425	31,462	26,847	20,762
Average number of employees	107	107	108	109	110
<b>Ratios</b>					
Gross margin (%)	30.42	29.05	26.58	22.10	22.29
Net margin (%)	5.36	4.83	4.74	1.69	1.65
Return on equity (%)	57.51	44.93	58.64	27.07	35.80
Equity ratio (%)	14.89	24.07	17.75	13.33	11.34

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

### Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

### Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

### Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$



**Primary activities**

The Holding Solina Denmark ApS'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 2020 shows a profit of DKK 17,538k, and the Group's balance sheet at 31 December 2020 shows equity of DKK 21,566k.

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 seen in the light of the Covid-19 impact on society.

During 2020, Management, the enterprise, suppliers and customers have responded and adapted to the continued Covid-19 pandemic situation. Consequently, Management has estimated that there is no need to write down the Company's production plant.

**Outlook**

Management is looking forward to a positive development in the coming financial year. Increasing sales are anticipated from a targeted effort towards international and regional key accounts, selected, untapped market segments and general cross-selling activities in which the Group can profit from Solina Group's wide product portfolio.

During 2020, the Group also spent resources on investments in product development in the long term as well as short term from which future benefits are expected to flow to the Group.

The outbreak and spread of COVID-19 in early 2020 has affected our business, especially within the Food Service segment, and has resulted in increased uncertainty about future customer demand, our supply chain and our future ability to deliver to our customers. However, none of these uncertainties had significant impact in 2020.

For 2021, Management expects an improvement in revenue and profit after tax compared to the outcome for 2020. The level of growth, however, is subject to some uncertainty due to the continued Covid-19 situation.

**Particular risks**

Relating to exchange rate risks the Group primarily makes transactions with customers in either DKK or EUR and thus with 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**

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 2020 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 Executive Board by the end of year 2020. This target was reached in 2020 and at present, there is one woman represented in the Executive Board. The Executive 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 is 1 woman represented in the management group (17%).

**Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	1	327,330,352	330,047,481
Cost of sales		(186,382,999)	(187,611,369)
Production costs		(41,384,294)	(46,561,943)
<b>Gross profit/loss</b>		<b>99,563,059</b>	<b>95,874,169</b>
Distribution costs		(49,093,579)	(51,776,528)
Administrative expenses	2	(24,226,003)	(18,478,759)
<b>Operating profit/loss</b>		<b>26,243,477</b>	<b>25,618,882</b>
Other financial income	5	239,473	44,712
Other financial expenses	6	(4,035,111)	(4,905,049)
<b>Profit/loss before tax</b>		<b>22,447,839</b>	<b>20,758,545</b>
Tax on profit/loss for the year	7	(4,909,786)	(4,832,314)
<b>Profit/loss for the year</b>	8	<b>17,538,053</b>	<b>15,926,231</b>

# Consolidated balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	10	3,687,798	3,743,026
Acquired intangible assets		0	0
<b>Intangible assets</b>	9	<b>3,687,798</b>	<b>3,743,026</b>
Plant and machinery		5,940,508	8,513,311
Other fixtures and fittings, tools and equipment		763,721	810,978
Leasehold improvements		6,893,082	8,328,036
Property, plant and equipment in progress		0	538,528
<b>Property, plant and equipment</b>	11	<b>13,597,311</b>	<b>18,190,853</b>
Deposits		2,905,949	2,859,568
<b>Financial assets</b>	12	<b>2,905,949</b>	<b>2,859,568</b>
<b>Fixed assets</b>		<b>20,191,058</b>	<b>24,793,447</b>
Raw materials and consumables		29,899,188	31,067,001
Manufactured goods and goods for resale		12,714,484	12,958,000
<b>Inventories</b>		<b>42,613,672</b>	<b>44,025,001</b>
Trade receivables		46,446,135	46,625,641
Receivables from group enterprises		13,663,517	14,273,661
Other receivables		111,758	225,471
Tax receivable		1,423,153	834,147
Prepayments	13	1,619,431	1,151,615
<b>Receivables</b>		<b>63,263,994</b>	<b>63,110,535</b>
<b>Cash</b>		<b>18,807,312</b>	<b>31,832,318</b>
<b>Current assets</b>		<b>124,684,978</b>	<b>138,967,854</b>
<b>Assets</b>		<b>144,876,036</b>	<b>163,761,301</b>

**Equity and liabilities**

	Notes	2020 DKK	2019 DKK
Contributed capital		14,061,995	14,061,995
Retained earnings		7,504,338	5,363,180
Proposed dividend for the financial year		0	20,000,000
<b>Equity</b>		<b>21,566,333</b>	<b>39,425,175</b>
Deferred tax	14	984,000	1,298,000
<b>Provisions</b>		<b>984,000</b>	<b>1,298,000</b>
Payables to group enterprises		68,089,732	79,794,640
Other payables		5,305,586	1,871,584
<b>Non-current liabilities other than provisions</b>	15	<b>73,395,318</b>	<b>81,666,224</b>
Current portion of non-current liabilities other than provisions	15	0	335,785
Bank loans		1,684,146	2,377,132
Trade payables		22,507,983	20,498,705
Payables to group enterprises		5,829,195	2,229,552
Tax payable		710,421	654,274
Joint taxation contribution payable		18,653	337,124
Other payables		18,179,987	14,939,330
<b>Current liabilities other than provisions</b>		<b>48,930,385</b>	<b>41,371,902</b>
<b>Liabilities other than provisions</b>		<b>122,325,703</b>	<b>123,038,126</b>
<b>Equity and liabilities</b>		<b>144,876,036</b>	<b>163,761,301</b>
Staff costs	3		
Amortisation, depreciation and impairment losses	4		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Transactions with related parties	20		
Subsidiaries	21		

## Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	14,061,995	5,363,180	0	20,000,000	39,425,175
Ordinary dividend paid	0	0	0	(20,000,000)	(20,000,000)
Extraordinary dividend paid	0	0	(15,000,000)	0	(15,000,000)
Exchange rate adjustments	0	(396,895)	0	0	(396,895)
Profit/loss for the year	0	2,538,053	15,000,000	0	17,538,053
<b>Equity end of year</b>	<b>14,061,995</b>	<b>7,504,338</b>	<b>0</b>	<b>0</b>	<b>21,566,333</b>

# Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		26,243,477	25,618,882
Amortisation, depreciation and impairment losses		8,199,980	14,703,442
Working capital changes	16	14,130,456	(7,705,608)
<b>Cash flow from ordinary operating activities</b>		<b>48,573,913</b>	<b>32,616,716</b>
Financial income received		47,375	44,712
Financial expenses paid		(3,843,013)	(4,747,890)
Taxes refunded/(paid)		(6,075,116)	(13,463,360)
<b>Cash flows from operating activities</b>		<b>38,703,159</b>	<b>14,450,178</b>
Acquisition etc. of intangible assets		(2,353,041)	(2,744,181)
Acquisition etc. of property, plant and equipment		(1,198,169)	(1,204,413)
Acquisition of fixed asset investments		(50,278)	(70,559)
<b>Cash flows from investing activities</b>		<b>(3,601,488)</b>	<b>(4,019,153)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>35,101,671</b>	<b>10,431,025</b>
Repayments of loans etc.		(335,785)	(548,835)
Repayment of debt to group enterprises		(11,704,908)	(8,945,283)
Dividend paid		(35,000,000)	(8,000,000)
<b>Cash flows from financing activities</b>		<b>(47,040,693)</b>	<b>(17,494,118)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(11,939,022)</b>	<b>(7,063,093)</b>

Cash and cash equivalents beginning of year	29,455,186	36,476,339
Currency translation adjustments of cash and cash equivalents	(392,998)	41,940
<b>Cash and cash equivalents end of year</b>	<b>17,123,166</b>	<b>29,455,186</b>

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Cash and cash equivalents at year-end are composed of:

Cash	18,807,312	31,832,318
Short-term bank loans	(1,684,146)	(2,377,132)
<b>Cash and cash equivalents end of year</b>	<b>17,123,166</b>	<b>29,455,186</b>

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# Notes to consolidated financial statements

## 1 Revenue

	2020 DKK	2019 DKK
Denmark	248,106,619	251,228,004
Other EU Countries	24,232,174	29,972,397
Other Countries	54,991,559	48,847,080
<b>Total revenue by geographical market</b>	<b>327,330,352</b>	<b>330,047,481</b>

The revenue is solely derived from one segment.

## 2 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK	2019 DKK
Statutory audit services	230,000	230,000
Other assurance engagements	47,900	30,000
Tax services	30,000	70,000
	<b>307,900</b>	<b>330,000</b>

## 3 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	54,708,766	52,988,702
Pension costs	4,078,732	3,809,414
Other social security costs	1,373,606	1,527,983
	<b>60,161,104</b>	<b>58,326,099</b>
Staff costs classified as assets	(2,353,041)	(2,744,181)
	<b>57,808,063</b>	<b>55,581,918</b>
Average number of full-time employees	<b>107</b>	<b>107</b>

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

**4 Depreciation, amortisation and impairment losses**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	2,408,269	8,053,975
Depreciation on property, plant and equipment	5,791,711	6,649,467
	<b>8,199,980</b>	<b>14,703,442</b>

**5 Other financial income**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	47,375	44,712
Other financial income	192,098	0
	<b>239,473</b>	<b>44,712</b>

**6 Other financial expenses**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	3,572,050	3,654,717
Other interest expenses	408,016	717,864
Other financial expenses	55,045	532,468
	<b>4,035,111</b>	<b>4,905,049</b>

**7 Tax on profit/loss for the year**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	5,223,786	6,474,314
Change in deferred tax	(314,000)	(1,642,000)
	<b>4,909,786</b>	<b>4,832,314</b>

**8 Proposed distribution of profit/loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	0	20,000,000
Extraordinary dividend distributed in the financial year	15,000,000	0
Retained earnings	2,538,053	(4,073,769)
	<b>17,538,053</b>	<b>15,926,231</b>

## 9 Intangible assets

	Completed development projects DKK	Acquired intangible assets DKK
Cost beginning of year	10,719,075	63,929,253
Additions	2,353,041	0
<b>Cost end of year</b>	<b>13,072,116</b>	<b>63,929,253</b>
Amortisation and impairment losses beginning of year	(6,976,049)	(63,929,253)
Amortisation for the year	(2,408,269)	0
<b>Amortisation and impairment losses end of year</b>	<b>(9,384,318)</b>	<b>(63,929,253)</b>
<b>Carrying amount end of year</b>	<b>3,687,798</b>	<b>0</b>

## 10 Development projects

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.

## 11 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	44,444,293	14,449,398	18,580,863	538,528
Transfers	0	365,587	172,941	(538,528)
Additions	708,089	428,914	61,166	0
<b>Cost end of year</b>	<b>45,152,382</b>	<b>15,243,899</b>	<b>18,814,970</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(35,930,982)	(13,638,420)	(10,252,827)	0
Depreciation for the year	(3,280,892)	(841,758)	(1,669,061)	0
<b>Depreciation and impairment losses end of year</b>	<b>(39,211,874)</b>	<b>(14,480,178)</b>	<b>(11,921,888)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,940,508</b>	<b>763,721</b>	<b>6,893,082</b>	<b>0</b>

## 12 Financial assets

	Deposits DKK
Cost beginning of year	2,859,568
Exchange rate adjustments	(3,897)
Additions	50,278
<b>Cost end of year</b>	<b>2,905,949</b>
<b>Carrying amount end of year</b>	<b>2,905,949</b>

**13 Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years.

**14 Deferred tax**

	2020 DKK	2019 DKK
Intangible assets	811,000	822,000
Property, plant and equipment	173,000	476,000
<b>Deferred tax</b>	<b>984,000</b>	<b>1,298,000</b>

	2020 DKK	2019 DKK
<b>Changes during the year</b>		
Beginning of year	1,298,000	3,386,936
Recognised in the income statement	(314,000)	(1,642,000)
Recognised directly in equity	0	(446,936)
<b>End of year</b>	<b>984,000</b>	<b>1,298,000</b>

**15 Non-current liabilities other than provisions**

	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Lease liabilities	335,785	0	0
Payables to group enterprises	0	68,089,732	0
Other payables	0	5,305,586	5,305,586
	<b>335,785</b>	<b>73,395,318</b>	<b>5,305,586</b>

**16 Changes in working capital**

	2020 DKK	2019 DKK
Increase/decrease in inventories	1,411,329	(67,112)
Increase/decrease in receivables	435,547	(1,711,686)
Increase/decrease in trade payables etc.	12,283,580	(5,926,810)
	<b>14,130,456</b>	<b>(7,705,608)</b>

**17 Unrecognised rental and lease commitments**

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	28,521,226	32,948,969

### 18 Contingent liabilities

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Holding Solina Denmark ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 19 Assets charged and collateral

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 31.12.2020 is DKK 42,453,712

The carrying amount of granted operating equipment as per 31.12.2020 is DKK 13,533,346

The carrying amount of granted inventories as per 31.12.2020 is DKK 41,616,803

The carrying amount of granted intellectual property rights as per 31.12.2020 is DKK 3,687,797

### 20 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

### 21 Subsidiaries

	Registered in	Corporate form	Ownership %
SFK Food A/S	Skanderborg	A/S	100
Solina Norway AS	Norway	AS	100

## Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Administrative expenses		(19,550)	(25,800)
<b>Operating profit/loss</b>		<b>(19,550)</b>	<b>(25,800)</b>
Income from investments in group enterprises		20,348,406	18,982,487
Other financial expenses	1	(3,581,103)	(3,842,217)
<b>Profit/loss before tax</b>		<b>16,747,753</b>	<b>15,114,470</b>
Tax on profit/loss for the year	2	790,300	811,761
<b>Profit/loss for the year</b>	3	<b>17,538,053</b>	<b>15,926,231</b>

# Parent balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Investments in group enterprises		95,765,296	115,813,785
<b>Financial assets</b>	4	<b>95,765,296</b>	<b>115,813,785</b>
<b>Fixed assets</b>		<b>95,765,296</b>	<b>115,813,785</b>
Receivables from group enterprises		0	2,540,847
Tax receivable		1,423,153	834,147
Joint taxation contribution receivable		831,800	314,700
<b>Receivables</b>		<b>2,254,953</b>	<b>3,689,694</b>
<b>Cash</b>		<b>58,194</b>	<b>78,461</b>
<b>Current assets</b>		<b>2,313,147</b>	<b>3,768,155</b>
<b>Assets</b>		<b>98,078,443</b>	<b>119,581,940</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		14,061,995	14,061,995
Reserve for net revaluation according to the equity method		26,391	0
Retained earnings		7,477,948	5,363,181
Proposed dividend for the financial year		0	20,000,000
<b>Equity</b>		<b>21,566,334</b>	<b>39,425,176</b>
Payables to group enterprises		68,089,732	79,794,640
<b>Non-current liabilities other than provisions</b>	<b>5</b>	<b>68,089,732</b>	<b>79,794,640</b>
Trade payables		25,000	25,000
Payables to group enterprises		8,378,724	0
Joint taxation contribution payable		18,653	337,124
<b>Current liabilities other than provisions</b>		<b>8,422,377</b>	<b>362,124</b>
<b>Liabilities other than provisions</b>		<b>76,512,109</b>	<b>80,156,764</b>
<b>Equity and liabilities</b>		<b>98,078,443</b>	<b>119,581,940</b>
Contingent liabilities	6		
Assets charged and collateral	7		
Related parties with controlling interest	8		
Transactions with related parties	9		



# Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend for the year DKK
Equity beginning of year	14,061,995	0	5,363,181	0	20,000,000
Ordinary dividend paid	0	0	0	0	(20,000,000)
Extraordinary dividend paid	0	0	0	(15,000,000)	0
Exchange rate adjustments	0	(396,895)	0	0	0
Profit/loss for the year	0	423,286	2,114,767	15,000,000	0
<b>Equity end of year</b>	<b>14,061,995</b>	<b>26,391</b>	<b>7,477,948</b>	<b>0</b>	<b>0</b>

	Total DKK
Equity beginning of year	39,425,176
Ordinary dividend paid	(20,000,000)
Extraordinary dividend paid	(15,000,000)
Exchange rate adjustments	(396,895)
Profit/loss for the year	17,538,053
<b>Equity end of year</b>	<b>21,566,334</b>

# Notes to parent financial statements

## 1 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	3,572,050	3,654,717
Other interest expenses	9,053	187,500
	<b>3,581,103</b>	<b>3,842,217</b>

## 2 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(790,300)	(811,761)
	<b>(790,300)</b>	<b>(811,761)</b>

## 3 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	0	20,000,000
Extraordinary dividend distributed in the financial year	15,000,000	0
Retained earnings	2,538,053	(4,073,769)
	<b>17,538,053</b>	<b>15,926,231</b>

## 4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	95,738,905
<b>Cost end of year</b>	<b>95,738,905</b>
Revaluations beginning of year	20,074,880
Exchange rate adjustments	(396,895)
Share of profit/loss for the year	20,348,406
Dividend	(40,000,000)
<b>Revaluations end of year</b>	<b>26,391</b>
<b>Carrying amount end of year</b>	<b>95,765,296</b>

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

**5 Non-current liabilities other than provisions**

	<b>Due after more than 12 months 2020 DKK</b>
Payables to group enterprises	68,089,732
	<b>68,089,732</b>

**6 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

**7 Assets charged and collateral**

None.

**8 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 Solina France 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.

**9 Non-arm's length related party transactions**

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

# 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.

## 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 takeover date, with net assets having been calculated at fair value.

## 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 at 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, and 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., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

### **Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and 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 intra-group 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, and 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, and 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related 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 less deferred tax 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.

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. If the useful life cannot be determined, the amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised

on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis 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, and 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**

Investments in group enterprises are recognised and measured in the parent financial statements 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 or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Inventories**

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

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 and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and 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.

**Tax payable or receivable**

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

**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.

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.

**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 payable or receivable**

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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, and 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 taxes paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and 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, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

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