

**SFK Food A/S**

Niels Bohrs Vej 55  
8660 Skanderborg  
CVR No. 34077444

**Annual report 2020**

The Annual General Meeting adopted the  
annual report on 09.04.2021

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

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

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# Entity details

## Entity

SFK Food A/S

Niels Bohrs Vej 55

8660 Skanderborg

CVR No.: 34077444

Registered office: Skanderborg

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Bertrand Marie Vaz, chairman

Johnny Thomsen Neergaard

Dorte Munch-Nielsen Sønderup

Adam Paul Jones

## Executive Board

Johnny Thomsen Neergaard, CEO

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SFK Food A/S for the financial year 01.01.2020 - 31.12.2020.

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

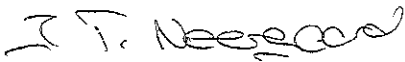
In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

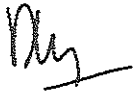
Stilling, 09.04.2021

Executive Board



**Johnny Thomsen Neergaard**  
CEO

Board of Directors



**Bertrand Marie Vaz**  
chairman



**Johnny Thomsen Neergaard**



**Dorte Munch-Nielsen Sørensen**



**Adam Paul Jones**

# Independent auditor's report

## To the shareholders of SFK Food A/S

### Opinion

We have audited the financial statements of SFK Food A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

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

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

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

#### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
<b>Key figures</b>					
Revenue	301,086	305,868	338,177	345,095	360,230
Gross profit/loss	87,210	82,867	85,005	74,619	78,442
Operating profit/loss	23,255	22,696	25,463	13,321	15,809
Net financials	(438)	(742)	(910)	(754)	(2,245)
Profit/loss for the year	20,348	18,982	20,781	10,431	9,658
Total assets	146,914	159,596	172,970	173,536	179,725
Investments in property, plant and equipment	1,137	1,873	2,031	3,047	2,057
Equity	95,765	115,814	116,795	110,895	100,821
<b>Ratios</b>					
Gross margin (%)	28.97	27.09	25.14	21.62	21.78
Net margin (%)	6.76	6.21	6.15	3.02	2.68
Return on equity (%)	19.23	16.32	18.25	9.85	10.1
Equity ratio (%)	65.18	72.57	67.52	63.90	56.10

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

### Gross margin (%):

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

Revenue

### Net margin (%):

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

Revenue

### Return on equity (%):

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

Average equity

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Total assets



**Primary activities**

SFK Food A/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. SFK Foods A/S 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 Company's income statement for 2020 shows a profit of DKK 20,348k, and the Company's balance sheet at 31 December 2020 shows equity of DKK 95,765k.

The resources spent in the previous financial year on optimisation of the Company'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 Company can profit from Solina Group's wide product portfolio.

During 2020, the Company 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 Company.

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

Employment with SFK Food A/S 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. SFK Food A/S 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.

SFK Food A/S 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 Company's target that at least one woman joins the Company's Board of Directors by the end of year 2020. This target was reached in 2020 and at present, there is one woman represented on the Board of Directors. The board consists of 4 persons. Another target is that the Company'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.

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	1	301,086,173	305,868,299
Cost of sales		(172,838,035)	(176,900,074)
Production costs		(41,037,712)	(46,101,064)
<b>Gross profit/loss</b>		<b>87,210,426</b>	<b>82,867,161</b>
Distribution costs		(42,945,678)	(43,789,365)
Administrative expenses		(21,009,925)	(16,381,621)
<b>Operating profit/loss</b>		<b>23,254,823</b>	<b>22,696,175</b>
Income from investments in group enterprises		2,495,506	2,018,625
Other financial income	4	47,375	44,712
Other financial expenses	5	(485,498)	(786,325)
<b>Profit/loss before tax</b>		<b>25,312,206</b>	<b>23,973,187</b>
Tax on profit/loss for the year	6	(4,963,800)	(4,990,700)
<b>Profit/loss for the year</b>	7	<b>20,348,406</b>	<b>18,982,487</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	9	3,687,798	3,743,026
Acquired intangible assets		0	0
<b>Intangible assets</b>	<b>8</b>	<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		6,829,117	8,284,471
Property, plant and equipment in progress		0	538,528
<b>Property, plant and equipment</b>	<b>10</b>	<b>13,533,346</b>	<b>18,147,288</b>
Investments in group enterprises		7,073,682	4,975,071
Deposits		2,516,259	2,444,235
<b>Other financial assets</b>	<b>11</b>	<b>9,589,941</b>	<b>7,419,306</b>
<b>Fixed assets</b>		<b>26,811,085</b>	<b>29,309,620</b>
Raw materials and consumables		28,902,319	30,146,866
Manufactured goods and goods for resale		12,714,484	12,958,000
<b>Inventories</b>		<b>41,616,803</b>	<b>43,104,866</b>
Trade receivables		42,453,712	43,488,991
Receivables from group enterprises		22,042,241	14,530,315
Other receivables		111,757	225,471
Prepayments	12	1,517,701	1,038,259
<b>Receivables</b>		<b>66,125,411</b>	<b>59,283,036</b>
<b>Cash</b>		<b>12,361,070</b>	<b>27,898,681</b>
<b>Current assets</b>		<b>120,103,284</b>	<b>130,286,583</b>
<b>Assets</b>		<b>146,914,369</b>	<b>159,596,203</b>

**Equity and liabilities**

	Notes	2020 DKK	2019 DKK
Contributed capital	13	500,000	500,000
Reserve for net revaluation according to the equity method		3,946,706	1,848,095
Reserve for development expenditure		2,876,482	2,919,560
Retained earnings		73,442,109	85,546,131
Proposed dividend		15,000,000	25,000,000
<b>Equity</b>		<b>95,765,297</b>	<b>115,813,786</b>
Deferred tax	14	984,000	1,298,000
<b>Provisions</b>		<b>984,000</b>	<b>1,298,000</b>
Other payables		5,305,586	1,871,584
<b>Non-current liabilities other than provisions</b>	15	<b>5,305,586</b>	<b>1,871,584</b>
Current portion of non-current liabilities other than provisions	15	0	335,785
Bank loans		1,684,146	2,377,132
Trade payables		22,121,632	20,322,047
Payables to group enterprises		4,089,662	4,073,196
Joint taxation contribution payable		831,800	314,700
Other payables		16,132,246	13,189,973
<b>Current liabilities other than provisions</b>		<b>44,859,486</b>	<b>40,612,833</b>
<b>Liabilities other than provisions</b>		<b>50,165,072</b>	<b>42,484,417</b>
<b>Equity and liabilities</b>		<b>146,914,369</b>	<b>159,596,203</b>
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

# Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500,000	1,848,095	2,919,560	85,546,131	0
Ordinary dividend paid	0	0	0	0	0
Extraordinary dividend paid	0	0	0	0	(15,000,000)
Exchange rate adjustments	0	(396,895)	0	0	0
Transfer to reserves	0	0	(43,078)	43,078	0
Profit/loss for the year	0	2,495,506	0	(12,147,100)	15,000,000
<b>Equity end of year</b>	<b>500,000</b>	<b>3,946,706</b>	<b>2,876,482</b>	<b>73,442,109</b>	<b>0</b>

	Proposed dividend DKK	Total DKK
Equity beginning of year	25,000,000	115,813,786
Ordinary dividend paid	(25,000,000)	(25,000,000)
Extraordinary dividend paid	0	(15,000,000)
Exchange rate adjustments	0	(396,895)
Transfer to reserves	0	0
Profit/loss for the year	15,000,000	20,348,406
<b>Equity end of year</b>	<b>15,000,000</b>	<b>95,765,297</b>

# Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		23,254,823	22,696,175
Amortisation, depreciation and impairment losses		8,159,214	14,681,816
Working capital changes	16	2,838,010	(7,642,732)
<b>Cash flow from ordinary operating activities</b>		<b>34,252,047</b>	<b>29,735,259</b>
Financial income received		47,375	44,712
Financial expenses paid		(485,498)	(786,325)
Taxes refunded/(paid)		(4,760,700)	(12,499,221)
<b>Cash flows from operating activities</b>		<b>29,053,224</b>	<b>16,494,425</b>
Acquisition etc of intangible assets		(2,353,041)	(2,744,181)
Acquisition etc of property, plant and equipment		(1,137,003)	(1,145,741)
Acquisition of fixed asset investments		(72,020)	(70,559)
<b>Cash flows from investing activities</b>		<b>(3,562,064)</b>	<b>(3,960,481)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>25,491,160</b>	<b>12,533,944</b>
Reduction of lease commitments		(335,785)	(548,835)
Dividend paid		(40,000,000)	(20,000,000)
<b>Cash flows from financing activities</b>		<b>(40,335,785)</b>	<b>(20,548,835)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(14,844,625)</b>	<b>(8,014,891)</b>
Cash and cash equivalents beginning of year		25,521,549	33,536,440
<b>Cash and cash equivalents end of year</b>		<b>10,676,924</b>	<b>25,521,549</b>
Cash and cash equivalents at year-end are composed of:			
Cash		12,361,070	27,898,681
Short-term debt to banks		(1,684,146)	(2,377,132)
<b>Cash and cash equivalents end of year</b>		<b>10,676,924</b>	<b>25,521,549</b>

# Notes

## 1 Revenue

	2020 DKK	2019 DKK
Denmark	248,738,414	251,339,531
Other EU Countries	24,188,820	31,350,274
Other Countries	28,158,939	23,278,494
<b>Total revenue by geographical market</b>	<b>301,086,173</b>	<b>305,968,299</b>

The revenue is solely derived from one segment.

## 2 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	52,468,096	49,369,028
Pension costs	3,911,370	3,610,402
Other social security costs	1,006,559	924,942
	<b>57,386,025</b>	<b>53,904,372</b>
Staff costs classified as assets	(2,353,041)	(2,744,181)
	<b>55,032,984</b>	<b>51,160,191</b>

Average number of full-time employees	103	102
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Referring to S. 98b, 3 of the Danish Financial Statement Act, disclosures on management's remuneration have been omitted.

## 3 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	2,408,269	8,053,975
Depreciation of property, plant and equipment	5,750,945	6,627,841
	<b>8,159,214</b>	<b>14,681,816</b>

## 4 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	47,375	44,712
	<b>47,375</b>	<b>44,712</b>



**5 Other financial expenses**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest expenses	397,859	530,680
Other financial expenses	87,639	255,645
	<b>485,498</b>	<b>786,325</b>

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

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	5,277,800	6,632,700
Change in deferred tax	(314,000)	(1,642,000)
	<b>4,963,800</b>	<b>4,990,700</b>

**7 Proposed distribution of profit and loss**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Ordinary dividend for the financial year	15,000,000	25,000,000
Extraordinary dividend distributed in the financial year	15,000,000	0
Retained earnings	(9,651,594)	(6,017,513)
	<b>20,348,406</b>	<b>18,982,487</b>

## 8 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>

## 9 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.

## 10 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	14,422,769	18,515,672	538,528
Transfers	0	365,587	172,941	(538,528)
Additions	708,089	428,914	0	0
<b>Cost end of year</b>	<b>45,152,382</b>	<b>15,217,270</b>	<b>18,688,613</b>	<b>0</b>
Depreciation and impairment losses beginning of year	(35,930,982)	(13,611,791)	(10,231,201)	0
Depreciation for the year	(3,280,892)	(841,758)	(1,628,295)	0
<b>Depreciation and impairment losses end of year</b>	<b>(39,211,874)</b>	<b>(14,453,549)</b>	<b>(11,859,496)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>5,940,508</b>	<b>763,721</b>	<b>6,829,117</b>	<b>0</b>

**11 Financial assets**

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	3,126,976	2,444,235
Additions	0	72,024
<b>Cost end of year</b>	<b>3,126,976</b>	<b>2,516,259</b>
Revaluations beginning of year	1,848,095	0
Exchange rate adjustments	(396,895)	0
Share of profit/loss for the year	2,495,506	0
<b>Revaluations end of year</b>	<b>3,946,706</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>7,073,682</b>	<b>2,516,259</b>

Investments in subsidiaries	Registered in	Equity interest %
Solina Norway	Norway	100,0

**12 Prepayments**

Prepayments comprise incurred costs relating to subsequent financial years.

**13 Share capital**

	Number	Par value DKK	Nominal value DKK
Ordinary Shares	500	1,000	500,000
	<b>500</b>		<b>500,000</b>

**14 Deferred tax**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
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>

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
<b>Changes during the year</b>		
Beginning of year	1,298,000	2,940,000
Recognised in the income statement	(314,000)	(1,642,000)
<b>End of year</b>	<b>984,000</b>	<b>1,298,000</b>

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

	<b>Due within 12</b>	<b>Due after</b>	<b>Outstanding</b>
	<b>months</b>	<b>more than 12</b>	<b>after 5 years</b>
	<b>2019</b>	<b>months</b>	<b>2020</b>
	<b>DKK</b>	<b>2020</b>	<b>DKK</b>
		<b>DKK</b>	<b>DKK</b>
Lease liabilities	335,785	0	0
Other payables	0	5,305,586	5,305,586
	<b>335,785</b>	<b>5,305,586</b>	<b>5,305,586</b>

**16 Changes in working capital**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	1,488,063	(56,281)
Increase/decrease in receivables	(6,842,375)	(878,637)
Increase/decrease in trade payables etc	8,192,322	(6,707,814)
	<b>2,838,010</b>	<b>(7,642,732)</b>

**17 Unrecognised rental and lease commitments**

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	27,891,957	32,948,969

**18 Contingent liabilities**

The Entity participates in a Danish joint taxation arrangement where Holding Solina Denmark ApS serves as the administration company. 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 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 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 Related parties with controlling interest**

Holding Solina Denmark ApS owns all shares in the Entity and therefore has the controlling interest of the Entity. Solina Belgium NV/SA, Belgium, owns all shares in Holding Solina Denmark ApS and thus has the controlling interest of this.

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

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

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

### **21 Non-arm's length related party transactions**

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

## **22 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Solina Corporate SaS, France

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Holding Solina Denmark ApS, Stilling

# Accounting policies

## Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

## Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared, as SFK Food A/S is part of the consolidated financial statements for Holding Solina Denmark ApS.

## 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.

## 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

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.

## **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 write-down 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.

### **Administrative expenses**

Administrative costs comprise expenses 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 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 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.

The Entity is jointly taxed with Holding Solina Denmark ApS. 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 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 of 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. 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. The amortisation periods used are 3-7 years.

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	3-12 years

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 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 under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the assets and liabilities acquired. Goodwill is amortised over its estimated useful life, which is 5 years.

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 of 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.

**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.

**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.

**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 receivable or joint taxation contributions payable are 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, 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 acquisition and divestment of enterprises, 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 less short-term bank loans.