

# Semper Danmark ApS

Sankt Nikolaj Vej 8, 4., 1953 Frederiksberg C

CVR no. 36 08 89 74

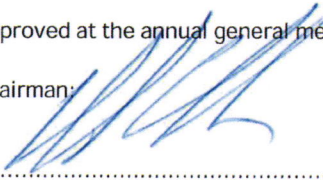
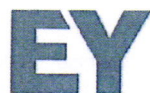


## Annual report 2016

Approved at the annual general meeting of shareholders on

*22/5 2017*

Chairman:

  
.....

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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Semper Danmark ApS for the financial year 1 January - 31 December 2016.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Frederiksberg, 22 May 2017  
Executive Board:

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes, positioned above a horizontal dotted line.

Witte van Cappellen

## Independent auditor's report

To the shareholder of Semper Danmark ApS

### Opinion

We have audited the financial statements of Semper Danmark ApS for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 the 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 skepticism 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 Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



### Independent auditor's report

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

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

### Statement on Management's review

Management is responsible for the Management's review.


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

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

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

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

Copenhagen, 22 May 2017  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Christian Schwenn Johansen  
State Authorised Public Accountant



## Management's review

### Company details

Name	Semper Danmark ApS
Address, Postal code, City	Sankt Nikolaj Vej 8, 4., 1953 Frederiksberg C
CVR no.	36 08 89 74
Established	15 September 2014
Registered office	Frederiksberg
Financial year	1 January - 31 December
Website	<a href="http://www.semperbornemad.dk">www.semperbornemad.dk</a>
E-mail	<a href="mailto:info@semper.dk">info@semper.dk</a>
Telephone	+45 80 60 74 00
Executive Board	Witte van Cappellen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank



## Management's review

### Management commentary

#### Business review

The Company was formed in September 2014 as a Danish private limited company with the name Semper Danmark ApS. The Company is based in Frederiksberg, Denmark. The first activities took place in January 2015.

The object of the Company is to engage in trade and marketing of food products, infant food and nutrition, gluten-free products and other business related thereto.

#### Baby food

Semper Danmark ApS offers the brand name Semper with a wide range of baby food; infant milk formula, baby and toddler meals and fruit desserts. The infant milk range is marketed under the sub brand Allomin.

Allomin has been owned by Semper AB for many years. In 2010, the Semper brand was introduced on the Danish market. Since 1 January 2015, all sales and marketing activities are done by Semper Danmark ApS.

The baby food market had a strong growth in 2016 with a value growth of approx 15% (source: Nielsen). Birth rates have been slightly decreasing or stable in recent years, however, in 2016, birth rates started to increase vs previous years. Total nativity was around 61,000 babies in 2016, which is a growth of +6%. Semper is clear market leader in the category with approx 40% value share.

#### Gluten-free

The gluten-free product range includes both finished products such as bread, crisp bread, pasta and cookies, as well as bread mixes. Semper was launched in Denmark end of 2013 as a gluten-free brand and is still establishing a strong position in the market. Semper grew sales out of store with close to 60% in 2016 vs 2015 (Source: Nielsen).

#### Group relationship

Semper Danmark ApS is a wholly owned subsidiary of Semper AB, with head office in Sundbyberg, Sweden and with Swedish corporate identity number 556037-5668. The superior's nearest parent, who prepares consolidated accounts in which the enterprise is included, is Hero España SA (ID A30000632) based in Murcia, Spain. Parent for the entire Group is Hero AG (ID CHE 106 043 830), based in Lenzburg, Switzerland.

#### Financial review

The income statement for 2016 shows a profit of DKK 1,843,289 against DKK 1,252,895 last year, and the balance sheet at 31 December 2016 shows equity of DKK 3,146,184.

Last year (2014/15) was based on a 16-month period compared to this year of 12 months.

Management considers the Company's financial performance in the year satisfactory.

#### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

#### Outlook

The Company will continue to launch new and innovative products within its business areas. The range will focus on products with high profit and added value for consumers.



## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2016 12 months	2014/15 16 months
	Gross margin	10,032,240	9,234,750
2	Staff costs	-7,598,379	-7,411,703
	Depreciation and impairment of property, plant and equipment	-47,149	-40,937
	Profit before net financials	2,386,712	1,782,110
	Financial income	6,157	1,352
3	Financial expenses	-18,656	-47,821
	Profit before tax	2,374,213	1,735,641
4	Tax for the year	-530,924	-482,746
	Profit for the year	<u>1,843,289</u>	<u>1,252,895</u>
	Recommended appropriation of profit		
	Retained earnings	<u>1,843,289</u>	<u>1,252,895</u>





## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	<u>2016</u>	<u>2014/15</u>
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	165,089	182,353
		<u>165,089</u>	<u>182,353</u>
	Investments		
	Deposits, investments	57,693	57,693
		<u>57,693</u>	<u>57,693</u>
	Total fixed assets	<u>222,782</u>	<u>240,046</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	10,333,942	9,771,674
	Receivables from group entities	1,190,332	2,232,500
	Other receivables	751,084	441,632
	Prepayments	28,586	59,784
		<u>12,303,944</u>	<u>12,505,590</u>
	Cash	4,397,721	3,750,796
	Total non-fixed assets	<u>16,701,665</u>	<u>16,256,386</u>
	TOTAL ASSETS	<u><u>16,924,447</u></u>	<u><u>16,496,432</u></u>



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2016	2014/15
		<u>                    </u>	<u>                    </u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	3,096,184	1,252,895
	Total equity	<u>3,146,184</u>	<u>1,302,895</u>
	Provisions		
	Deferred tax	3,757	3,275
	Total provisions	<u>3,757</u>	<u>3,275</u>
	Liabilities		
	Current liabilities		
	Trade payables	1,711,493	744,901
	Payables to group entities	4,888,308	5,862,819
	Income taxes payable	548,477	501,047
	Other payables	6,626,228	8,081,495
		<u>13,774,506</u>	<u>15,190,262</u>
	Total liabilities other than provisions	<u>13,774,506</u>	<u>15,190,262</u>
	TOTAL EQUITY AND LIABILITIES	<u>16,924,447</u>	<u>16,496,432</u>

- 1 Accounting policies
- 5 Contractual obligations and contingencies, etc.
- 6 Collateral
- 7 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2016	50,000	1,252,895	1,302,895
Transfer through appropriation of profit	0	1,843,289	1,843,289
Equity at 31 December 2016	<u>50,000</u>	<u>3,096,184</u>	<u>3,146,184</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Semper Danmark ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

#### Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following changes in the recognition and measurement:

1. In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above changes in accounting policy and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

The comparative figures include 16 months as 2014/15 was the first financial year of the Company.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

#### Income statement

##### Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

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

##### Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	5 years
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The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Other securities and investments

Rental deposits are measured at cost.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Impairment of fixed assets

Property, plant and equipment and investments are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Other payables

Other payables are measured at net realisable value.

DKK	2016 12 months	2014/15 16 months
2 Staff costs		
Wages/salaries	6,487,008	6,359,095
Other social security costs	315,846	734,299
Other staff costs	795,525	318,309
	<u>7,598,379</u>	<u>7,411,703</u>
Average number of full-time employees	<u>9</u>	<u>8</u>
3 Financial expenses		
Interest expenses, group entities	0	21,455
Other interest expenses	0	86
Exchange losses	0	1,522
Interest surcharges and tax recognised under net financials	13,719	21,576
Other financial expenses	4,937	3,182
	<u>18,656</u>	<u>47,821</u>
4 Tax for the year		
Estimated tax charge for the year	530,442	479,471
Deferred tax adjustments in the year	482	3,275
	<u>530,924</u>	<u>482,746</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 5 Contractual obligations and contingencies, etc.

##### Other financial obligations

##### Other rent and lease liabilities:

DKK	2016	2014/15
Rent and lease liabilities	826,500	707,000

#### 6 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2016.

#### 7 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Hero España SA	Spain	Company's address: Avda Murcia 1, 30820 Alcantarilla
Hero AG	Switzerland	<a href="https://hero-group.ch/sites/hero-group.ch/files/user-content/press/hero_annual_report_2016.pdf">https://hero-group.ch/sites/hero-group.ch/files/user-content/press/hero_annual_report_2016.pdf</a>

