

Semper Danmark ApS


Kirsten Walthers Vej 8, 1, 2500 Valby

CVR no. 36 08 89 74

Annual report 2019

Approved at the Company's annual general meeting on 29 May 2020

Chairman:


.....
Troels Bojesen





Contents

Statement by the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11



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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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.

Copenhagen, 29 May 2020
Executive Board:

A handwritten signature in blue ink, appearing to read 'S. Schaeffer', is written over a horizontal dotted line.

Sebastian Schaeffer

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 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 29 May 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Peter Jensen
State Authorised Public Accountant
mne33246



Management's review

Company details

Name	Semper Danmark ApS
Address, Postal code, City	Kirsten Walthers Vej 8, 1, 2500 Valby
CVR no.	36 08 89 74
Established	15 September 2014
Registered office	Valby
Financial year	1 January - 31 December
Website	www.semper.dk
E-mail	info@semper.dk
Telephone	+45 80 60 74 00
Executive Board	Sebastian Schaeffer
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Business review

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. Semper Denmark also markets the brand Organix within Baby Toodler Foods in Denmark. Organix is a brand owned by the Hero entity Organix Brands Ltd in United Kingdom.

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 grew 3% in 2019 driven by a increase in Baby Toddler Milks with +3 %, whilst Baby Toddler Foods with +4 % (source: Nielsen). In 2019, Denmark saw a year of slightly declining birth rates with approx. 61,200 births vs. 61,500 in 2018. Semper is market leader in the category with approx. 38% value share.

Healthy snacks

Semper Denmark has taken over the sale of Corny January 1st 2019 from a distributor. The brand Corny is owned by the Hero entity Schwartauer Werke GmbH & Co. KGA in Germany. The cereal bar market in Denmark is a category of about 230 million DKK (source: Nielsen) - and Corny is the market leader with 35 % value share (source: Nielsen).

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. The Glutenfree-segment grew with 15 % in 2019 and Semper held a brand market leading share of approx. 11 % (source Nielsen).

Group relations

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 prepare consolidated accounts in which the enterprise is included, is Hero AG (ID CHE 106 043 830), based in Lenzburg, Switzerland. Parent for the entire Group is AOH Nahrungsmittel GmbH & Co. KG (ID 25/286/20506) based in Bad Schwartau, Germany.

Financial review

The income statement for 2019 shows a profit of DKK 2,891,872 against a profit of DKK 2,390,379 last year, and the balance sheet at 31 December 2019 shows equity of DKK 10,930,207.

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

Events after the balance sheet date

During spring of 2020, a global outbreak of the covid-19 virus is ongoing. The Semper companies in the Nordic countries have initially seen an increase in sales, which is explained by so-called bunkering of important foods at the consumer level. This decrease in the second quarter of the year and we expect no effect on the annual sales caused by the pandemic. We also do not consider that the companies are otherwise materially affected by the consequences of the virus outbreak.

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 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	17,892,185	13,834,350
2	Staff costs	-13,800,035	-10,692,441
	Depreciation and impairment of property, plant and equipment	-50,635	-50,635
	Profit before net financials	4,041,515	3,091,274
	Financial income	177	964
3	Financial expenses	-263,761	-18,012
	Profit before tax	3,777,931	3,074,226
4	Tax for the year	-886,059	-683,847
	Profit for the year	<u>2,891,872</u>	<u>2,390,379</u>
	Recommended appropriation of profit		
	Retained earnings	<u>2,891,872</u>	<u>2,390,379</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	350,624	63,819
		<u>350,624</u>	<u>63,819</u>
	Investments		
	Deposits, investments	277,068	57,693
		<u>277,068</u>	<u>57,693</u>
	Total fixed assets	<u>627,692</u>	<u>121,512</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	18,092,209	11,327,518
	Receivables from group entities	4,882,625	0
	Deferred tax assets	0	4,276
	Other receivables	6,992	336,527
	Prepayments	716,612	11,559
		<u>23,698,438</u>	<u>11,679,880</u>
	Cash	5,292,812	5,456,777
	Total non-fixed assets	<u>28,991,250</u>	<u>17,136,657</u>
	TOTAL ASSETS	<u>29,618,942</u>	<u>17,258,169</u>



Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	<u>10,880,207</u>	<u>7,988,335</u>
	Total equity	<u>10,930,207</u>	<u>8,038,335</u>
	Provisions		
	Deferred tax	<u>7,723</u>	<u>0</u>
	Total provisions	<u>7,723</u>	<u>0</u>
	Liabilities other than provisions		
6	Non-current liabilities other than provisions		
	Other payables	<u>507,290</u>	<u>0</u>
		<u>507,290</u>	<u>0</u>
	Current liabilities other than provisions		
	Trade payables	6,560,222	4,920,447
	Payables to group entities	5,263,492	253,228
	Income taxes payable	194,822	449,113
	Other payables	<u>6,155,186</u>	<u>3,597,046</u>
		<u>18,173,722</u>	<u>9,219,834</u>
	Total liabilities other than provisions	<u>18,681,012</u>	<u>9,219,834</u>
	TOTAL EQUITY AND LIABILITIES	<u>29,618,942</u>	<u>17,258,169</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral
- 9 Related parties



Financial statements 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 2019	50,000	7,988,335	8,038,335
Transfer through appropriation of profit	0	2,891,872	2,891,872
Equity at 31 December 2019	<u>50,000</u>	<u>10,880,207</u>	<u>10,930,207</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Semper Danmark ApS for 2019 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.

The accounting policies applied by the Company are consistent with those of last year.

Reporting currency

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

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 profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

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

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
--	---------

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or 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.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

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".

Other securities and investments

Rental deposits are measured at cost.

Financial statements 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 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	2019	2018
2 Staff costs		
Wages/salaries	11,789,810	9,112,881
Other social security costs	1,142,926	853,185
Other staff costs	867,299	726,375
	<u>13,800,035</u>	<u>10,692,441</u>
Average number of full-time employees	<u>17</u>	<u>14</u>
3 Financial expenses		
Interest surcharges and tax recognised under net financials	8,744	12,232
Other financial expenses	255,017	5,780
	<u>263,761</u>	<u>18,012</u>
4 Tax for the year		
Estimated tax charge for the year	874,060	688,881
Deferred tax adjustments in the year	11,999	-5,034
	<u>886,059</u>	<u>683,847</u>

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2019	253,175
Additions in the year	337,440
Cost at 31 December 2019	<u>590,615</u>
Impairment losses and depreciation at 1 January 2019	189,356
Amortisation/depreciation in the year	50,635
Impairment losses and depreciation at 31 December 2019	<u>239,991</u>
Carrying amount at 31 December 2019	<u>350,624</u>
Depreciated over	<u>5 years</u>

6 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0,00 falls due for payment after more than 5 years after the balance sheet date.

7 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	<u>2019</u>	<u>2018</u>
Rent and lease liabilities	3,033,100	1,366,500

Rent and lease liabilities include a rent obligation totalling DKK 1.462.500 in interminable rent agreements with remaining contract terms of 3,5 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 1.570.600, with remaining contract terms of 3 years.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.



Financial statements 1 January - 31 December

Notes to the financial statements

9 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Hero España SA	Spain	Companys adress: Avda Murcia 1, 30820 Alcantarilla
Hero AG	Switzerland	https://hero-group.ch/annual-reports