

Scanflavour A/S

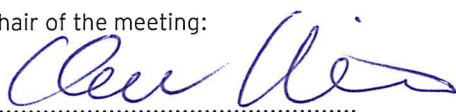
Erhvervsvej 12, 9632 Møldrup

CVR no. 65 40 46 13

Annual report 2020

Approved at the Company's annual general meeting on 24 June 2021

Chair of the meeting:



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Scanflavour A/S for the financial year 1 January - 31 December 2020.

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

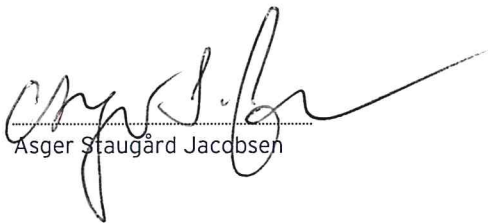
In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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

Møldrup, 24 June 2021

Executive Board:



Asger Staugård Jacobsen

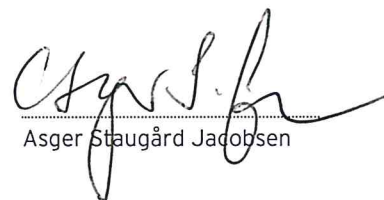
Board of Directors:



Claus Winther
Chair



Morten Tofte Liisborg



Asger Staugård Jacobsen

Independent auditor's report

To the shareholder of Scanflavour A/S

Opinion

We have audited the financial statements of Scanflavour A/S for the financial year 1 January - 31 December 2020, 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 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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.
- ▶ 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.

Independent auditor's report

- 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.

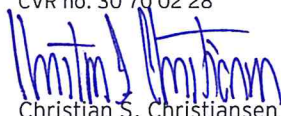
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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.

Sønderborg, 24 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Christian S. Christiansen
State Authorised Public Accountant
mne32171



René Kirkegaard
State Authorised Public Accountant
mne40045

Management's review

Company details

Name	Scanflavour A/S
Address, Postal code, City	Erhvervsvej 12, 9632 Møldrup
CVR no.	65 40 46 13
Established	5 May 1981
Registered office	Viborg
Financial year	1 January - 31 December
Website	www.scanflavour.dk
E-mail	scanflavour@scanflavour.dk
Telephone	+45 86 69 20 33
Board of Directors	Claus Winther, Chair Morten Tofte Liisborg Asger Staugård Jacobsen
Executive Board	Asger Staugård Jacobsen
Auditors	EY Godkendt Revisionspartnerselskab Nørre Havnegade 43, 6400 Sønderborg, Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit/loss	8,039	-56,555	-321,816	-26,935	19,336
Operating profit/loss	1,581	-84,039	-372,793	-63,011	-7,739
Net financials	-800	-11,611	168,161	-15,129	-4,213
Profit/loss for the year	1,019	-70,157	-121,388	-61,433	-9,487
Assets and liabilities					
Fixed assets	42,770	49,700	133,332	424,193	362,008
Non-fixed assets	80,130	124,852	141,785	106,793	87,253
Total assets	122,900	174,552	275,117	530,986	449,261
Investments in property, plant and equipment	277	1,109	6,289	91,555	145,148
Equity	905	-57,614	12,543	58,931	77,329
Non-current liabilities other than provisions	95,043	46,614	162,732	239,804	204,681
Current liabilities other than provisions	26,952	185,552	99,842	220,781	161,487
Financial ratios					
Equity ratio	0.7%	-33.0%	4.6%	11.1%	17.2%
Return on equity	-3.6%	311.3%	-339.7%	-90.2%	-11.5%
Average number of employees					
Average number of employees	11	62	129	137	96

In the 2017 financial year, the Company changed its presentation format for the income statement classified by nature to an income statement classified by function. The above-mentioned key figures for 2016 have been restated accordingly.

Management's review

Business review

Scanflavour A/S' main activities are development, production and sale of functional protein ingredients for the food industry.

Financial review

During the year 2020, Scanflavour A/S has closed down the production and transferred the entire production of functional proteins to the sister company, Essentia A/S.

The profit for the year amounts to a profit before tax of DKK 1.3 million.

The Company's result is in line with the forecast in the most recent statutory annual report.

A capital contribution of DKK 57.5 million has reestablished the total equity.

Financial risks and use of financial instruments

The Company is not exposed to any special risks except for what is usual within this industry.

Impact on the external environment

The Company wants to be an environmentally responsible company. The Company has built an environmental management system based on the Company's environmental policy and ongoing registration and assessment of the factory's most important environmental impact.

Outlook

The Company's activities will further decrease in 2021 due to the restructuring of the Company.

A minor positive result is expected in 2021.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit/loss	8,039	-56,555
10	Distribution costs	-2,895	-9,562
10	Administrative expenses	-3,089	-12,216
	Operating profit/loss	2,055	-78,333
	Financial income	38	51
3	Financial expenses	-838	-11,662
	Profit/loss before tax	1,255	-89,944
4	Tax for the year	-236	19,787
	Profit/loss for the year	1,019	-70,157

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Land and buildings	18,063	18,000
	Plant and machinery	24,527	31,097
	Fixtures and fittings, other plant and equipment	180	603
		<u>42,770</u>	<u>49,700</u>
	Total fixed assets	<u>42,770</u>	<u>49,700</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	0	1,623
	Work in progress	0	27,385
	Finished goods and goods for resale	6,592	14,318
		<u>6,592</u>	<u>43,326</u>
	Receivables		
	Trade receivables	7,198	10,889
	Receivables from group enterprises	15,062	7,753
8	Deferred tax assets	40,723	48,303
	Joint taxation contribution receivable	8,608	11,564
	Other receivables	0	1,763
6	Prepayments	305	679
		<u>71,896</u>	<u>80,951</u>
	Cash	<u>1,642</u>	<u>575</u>
	Total non-fixed assets	<u>80,130</u>	<u>124,852</u>
	TOTAL ASSETS	<u>122,900</u>	<u>174,552</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	600	600
	Retained earnings	305	-58,214
	Total equity	<u>905</u>	<u>-57,614</u>
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Mortgage debt	39,599	46,614
	Lease liabilities	55,444	0
		<u>95,043</u>	<u>46,614</u>
	Current liabilities other than provisions		
9	Short-term part of long-term liabilities other than provisions	23,554	112,449
	Bank debt	306	51,007
	Trade payables	1,117	5,656
	Payables to group enterprises	0	3,312
	Other payables	1,975	13,128
		<u>26,952</u>	<u>185,552</u>
		<u>121,995</u>	<u>232,166</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>122,900</u></u>	<u><u>174,552</u></u>

- 1 Accounting policies
- 2 Special items
- 11 Contractual obligations and contingencies, etc.
- 12 Collateral
- 13 Related parties
- 14 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2020	600	-58,214	-57,614
14	Transfer, see "Appropriation of profit/loss"	0	1,019	1,019
	Contribution from parent company	0	57,500	57,500
	Equity at 31 December 2020	600	305	905

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Scanflavour A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company LGI International Holding S.å.r.l.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, including proteins, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

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/loss

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

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

Acquired intangible assets	5 years
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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.

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:

Buildings	25 years
Plant and machinery	7-10 years
Fixtures and fittings, other plant and equipment	3-7 years

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.

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Also, the cost of self-produced assets includes interest expenses in the production period regarding loans to finance the production.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

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".

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

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".

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

DKK'000	<u>2020</u>	<u>2019</u>
Income		
Sale of intellectual property rights	0	5,706
Adjustment of deferred tax	0	17,077
	<u>0</u>	<u>22,783</u>
Expenses		
Impairment loss on non-current assets	0	-67,502
Costs of resignations	0	-6,780
Value adjustment of lease liabilities	0	-6,100
Other costs related to close-down of production	0	-2,945
	<u>0</u>	<u>-83,327</u>
Special items are recognised in the below items of the financial statements		
Gross margin	0	-70,642
Distribution costs	0	-165
Administrative expenses	0	-714
Financial expenses	0	-6,100
Tax for the year	0	17,077
Net profit/loss on special items	<u>0</u>	<u>-60,544</u>
3 Financial expenses		
Interest expenses, group entities	100	32
Other financial expenses	738	11,630
	<u>838</u>	<u>11,662</u>
4 Tax for the year		
Estimated tax charge for the year	-7,286	-11,593
Deferred tax adjustments in the year	7,580	-8,194
Tax adjustments, prior years	-58	0
	<u>236</u>	<u>-19,787</u>

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2020	184,775	414,794	16,289	615,858
Additions	63	214	0	277
Disposals	-845	-47,058	-10,283	-58,186
Cost at 31 December 2020	<u>183,993</u>	<u>367,950</u>	<u>6,006</u>	<u>557,949</u>
Impairment losses and depreciation at 1 January 2020	166,775	383,697	15,686	566,158
Depreciation	0	730	0	730
Reversal of accumulated depreciation and impairment of assets disposed	-845	-41,004	-9,860	-51,709
Impairment losses and depreciation at 31 December 2020	<u>165,930</u>	<u>343,423</u>	<u>5,826</u>	<u>515,179</u>
Carrying amount at 31 December 2020	<u><u>18,063</u></u>	<u><u>24,527</u></u>	<u><u>180</u></u>	<u><u>42,770</u></u>
Property, plant and equipment include finance leases with a carrying amount totalling	<u>0</u>	<u>17,840</u>	<u>0</u>	<u>17,840</u>

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent and subscriptions.

7 Share capital

The share capital comprises 600,000 shares of a nominal value of DKK 1. None of the shares carry special rights.

DKK'000	<u>2020</u>	<u>2019</u>
8 Deferred tax		
Deferred tax at 1 January	-48,303	-40,080
Adjustments for the year	0	-12,088
Other deferred tax	7,580	3,865
Deferred tax at 31 December	<u><u>-40,723</u></u>	<u><u>-48,303</u></u>

Deferred tax primarily relates to intangible assets, property, plant and equipment, inventories and lease liabilities.

Financial statements 1 January - 31 December

Notes to the financial statements

9 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	46,297	6,698	39,599	17,374
Lease liabilities	72,300	16,856	55,444	0
	<u>118,597</u>	<u>23,554</u>	<u>95,043</u>	<u>17,374</u>

10 Staff costs

Wages/salaries	4,087	32,566
Pensions	357	2,394
Other staff costs	243	1,736
	<u>4,687</u>	<u>36,696</u>

Staff costs are recognised as follows in the financial statements:

Production	3,954	26,549
Distribution	246	3,122
Administration	487	7,025
	<u>4,687</u>	<u>36,696</u>

Average number of full-time employees	<u>11</u>	<u>62</u>
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Total remuneration to Management:

In 2020, the Company paid no remuneration of the Executive Board and fee to the Board of Directors since the Company's Management is remunerated by the Parent Company.

11 Contingent liabilities, etc.

Contingent liabilities

The entity is jointly taxed with the Parent Company, LGI Denmark ApS, as the administration company and other jointly taxed entities. The Company has limited and secondary liability for corporation taxes and withholding taxes on interest, royalties and dividends, etc.

12 Collateral

The Company's land and buildings have been provided as collateral for mortgage debt totalling DKK 46,297 thousand. The carrying amount of the assets that have been provided as collateral totals DKK 18,063 thousand.

A company charge of DKK 75,000 thousand secured upon receivables from customers, inventories and operating equipment, etc. with a carrying amount of DKK 19,657 thousand has been provided as collateral for debt to credit institutions.

Moreover, mortgage deeds registered to the owner totalling DKK 3,900 thousand secured upon land and buildings with a carrying amount of DKK 18,063 thousand have been provided as collateral for debt to credit institution.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
LGI International Holding S.á.r.l.	Luxembourg	The consolidated financial statements are obtainable from the Danish Business Authority via the parent company LGI Denmark ApS.

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	2020	2019
14 Appropriation of profit/loss		
Recommended appropriation of profit/loss	1,019	-70,157
Retained earnings/accumulated loss	1,019	-70,157
	1,019	-70,157