

## ANNUAL REPORT N.V. VSH FOODS 2021



# If a team is to reach its potential, each player must be willing to subordinate his personal goals to the good of the team."

- Bud Wilkinson -

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## **Our Products**

#### **Margarine:**

#### **Golden Brand**

Is our main brand in the retail segment. It has a creamy consistency, a full flavor and is suitable for cooking, spreading and baking. It is 100% vegetable-based, cholesterol free, trans fat free and enriched with vitamins A and  $D_3$ . This product line was extended considerably in the course of the years and now contains both refrigerated and non-refrigerated products.

The refrigerated product line contains the following products:



The no refrigeration required line contains the following products:



#### **Gelebek Margarine**

Is the very first product that N.V. VSH FOODS ever produced. It is the second brand in the retail margarine segment. Gelebek margarine is suitable for cooking and baking. It is 100% vegetable-based, cholesterol free, trans fat free and enriched with vitamins A and D<sub>3</sub>.

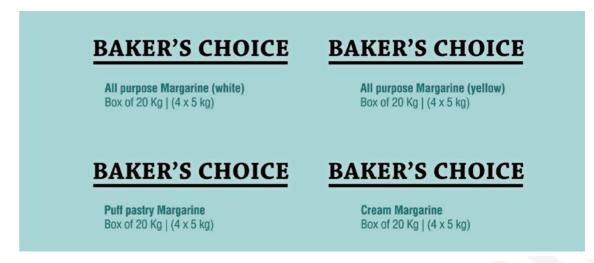
Gelebek Margarine is available in:



#### **Baker's Choice Industrial Margarine**

Is perfect for baking bread, cakes and pastries. The Baker's Choice products are made of 100% vegetable oils and fats.

The Baker's Choice industrial margarine line consists of:



#### **Butter:**

#### Marigold

Is widely known in Suriname for its refined flavor and is essential for any home, restaurant or catering service. Because of its rich flavor, it is perfect for roasting meat and sautéing vegetables. It is also great for baking cakes and cookies and to make creamy garlic and herb butters.

In December 2021, we added Marigold unsalted butter in a 227-gram block to our butter portfolio and simultaneously introduced the new look as part of our Marigold 45th anniversary campaign.



#### **Shortening:**

#### Bake 'n Frv

Is 100% vegetable-based. It contains only oils and fats and is cholesterol free and trans fat free. This product is suitable for frying at a temperature of 180°C and baking bread and pastries. It is also suitable for greasing baking sheets and pans.

Bake 'n Fry Shortening bakes dry and crispy and can be reused for at least 7 frying cycles.



## The Company

N.V. VSH FOODS was founded in 1960 in Suriname, South America and produces margarine, butter and shortening. In 1963, the Company started with the production of Gelebek margarine and today, Golden Brand, Marigold, Golden Brand Slim, Baker's Choice and Bake 'n Fry are established brands in Suriname and in the Caribbean. The Company is a member of the VSH Group of Companies.

N.V. Verenigde Surinaamse Holdingmij.-/United Suriname Holding Company (VSH United), holds 65.34% of the shares of N.V. VSH FOODS.

### **Mission Statement**

We commit ourselves to produce, market and distribute top quality margarine, butter and other foodstuff in a safe and hygienic manner at competitive prices.

To ensure growth, profitability and continuity of the Company for the benefit of our customers, shareholders, employees and the community by producing these in an efficient manner from high quality raw materials with motivated and skilled employees and by guaranteeing supply to the market through aggressive marketing and sales channels.

By continuously monitoring and improving, where possible, the production process with the help of our quality system and thereby guaranteeing the market hygienic and safe products that comply with applicable legislation and the demands of our customers.

### **Core Values**

To be a Champion for our Customers, Partners, Shareholders and in the Community we hold fast to these values:

- Your success is our desire.
- Trust in our relationships and personally responsible for all our actions.
- Creating a better company for a better world.

# Meet our Supervisory Board



Patrick Healy
Chairman of
the Supervisrory Board

Stephen Smit Vice Chairman of the Supervisrory Board





Antoine Brahim

Member of the
Supervisory Board

Paul Brahim

Member of the
Supervisory Board





Alvin Venetiaan

Member of the
Supervisory Board

## Meet our Management



Marlon Telting
Managing Director

Melisa
Kartokromo Ensberg
Operations Manager





Marif Sastrodiwirjo Sales Manager

Kitty Eduards Finance Manager





Stephanie Sjauw Purchasing Manager

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## **Report of the Supervisory Board**

#### to the shareholders

#### We hereby present our report on the activities of the Supervisory Board in 2021

The Supervisory Board performed its duties in accordance with Suriname law, the company's bylaws and Corporate Governance Code. We advised management on relevant issues and monitored management's performance in relation to set goals. The Management regularly informed us verbally and in writing on material aspects of the business, major events, competitor activities, investments and transactions. We kept abreast of results, financial position, risks and risk management.

### Financial Statements and division of earnings

The Management has submitted the financial statements 2021 to the Supervisory Board on 11 March 2022. These financial statements can be found on pages 22 to 25 of this annual report. Lutchman & Co N.V. audited the financial statements. Their report can be found on pages 42 to 44.

SRD 13,482,973 (2020: SRD 688,768)

An interim dividend of SRD 0.60 was paid in November 2021. The Supervisory Board endorses the recommendation of the Management to pay a dividend of SRD 2,11 (2020: SRD 0) for the year. If approved, the balance of the net earnings amounting to SRD 10,780,407 will be added to retained earnings.

Supervisory Board changes and appointments
In accordance with article 7.20 of the bylaws, all Supervisory Board members stepped down in the Annual General Meeting of Shareholders of 26 March 2021. Being eligible, the members Mr. P. Healy, Mr. S. Smit, Mr. A. Brahim, Mr. P. Brahim and Mr. A. Venetiaan were re-elected as members of the Supervisory Board of Directors. All members offer themselves for re-election in the Annual General Meeting of Shareholders to be held on 25 March 2022.

#### **Management changes and appointments**

The Finance Manager, Tamira Esajas accepted another position within the VSH Group. Effective November 2021, Kitty Eduards was appointed Finance Manager.

#### **Consultation and decision - making**

The Supervisory Board held regular monthly meetings, 12 in total. The subjects discussed in these meetings included the financial position and results, company strategy and risk, company policies, business plans, health, safety and environment, management development and succession.

In the Supervisory Board meeting held on 15 January 2021, the Internal Auditor reported on the activities of the Internal Audit Department in 2020 and he presented his audit plan for 2021. In the board meeting held on 22 October 2021, Management presented the Multiyear Strategic Plan 2022-2027, which was approved by the Board. In the same meeting the Supervisory Board approved the 2022 operational plan, including the budget for capital expenditures as presented by Management.

Management remuneration was evaluated and approved in the board meeting held on 10 December 2021. The Board members regularly attended the board meetings.

In the meeting of the Supervisory Board held on 21 January 2022, the results of the internal audits 2021 were presented to the Supervisory Board, as well as the audit plan for 2022. The Management Letter regarding the interim audit 2021 was discussed in the same meeting.

The Managing Director presented the results of the annual appraisal 2021 in the Supervisory Board meeting held on 18 February 2022.

As of 11 March 2022, from the total of 1,280,837 outstanding shares 93.35% (2020: 92.96%) has been converted to registered shares.

#### Audit and Risk Committee.

The board members A. Brahim (chair) A. Venetiaan and P. Brahim form the Audit and Risk Committee. There were three Audit and Risk Committee meetings in 2021. The subjects discussed were the external auditor management letter, overall financial review and the follow-up by management. Progress towards full IFRS (International Financial Reporting Standards) and ERM (Enterprise Risk Management) were also discussed.

#### **Performance of the Supervisory Board**

On 10 December 2021, the performance of the Supervisory Board was evaluated through a self-assessment by the members. Based upon individual appraisals by the members the performance was found to be good. Areas requiring additional attention were identified and included an increased focus on export, Enterprise Risk Management (ERM), emphasizing supply chain disruptions, succession in key functions, and monitoring the long-term strategic plan.

#### **Dividend Policy and Interim Dividend**

In the meeting of 21 January 2022, the dividend policy was reviewed. It was agreed to amend the policy in line with the VSH Group. The Company's amended policy is to pay an annual dividend in the order of 30% to 35% of the net earnings, payable in one interim and a final dividend. Depending on circumstances, the Supervisory Board of Directors may elect to deviate from this target.

Management performance and Executive Performance Pay
On 10 December 2021, the Supervisory Board evaluated the overall performance of the Managing Director and found the performance to be satisfactory. Specific areas of improvements were discussed with the Managing Director, including further export development, improving purchasing planning, attention to long-term succession in key positions and continued focus on challenges in the local market.

Performance of the Managing Director is measured against a yearly minimum target of 18%

Return on Capital Employed and a 3-year (2019 - 2021) earnings before tax growth target of 74%. Capital Employed at the beginning of the year amounted to SRD 28,459,831 and the Return on Capital Employed achieved in 2021 was 89.07% (2020: 4.16%). Based on this result, the target was achieved and a short-term bonus, amounting to SRD 253,487 will be awarded to the Managing Director after approval of the financial statements by the shareholders. For the three-year period (2019 - 2021), earnings before tax grew by 675%, which exceeded the growth target of 74%. Based on this result, the target for a long-term was likewise achieved in 2021 and a long-term bonus of SRD 538,913 will be awarded to the Managing Director after approval of the financial statements by the shareholders.

#### **Remuneration of the Supervisory Board**

The remuneration of the Supervisory Board of Directors amounts to SRD 120,000 per year and was last adjusted 1 September 2020. The Supervisory Board of Directors endorses the recommendation of the Management to increase the remuneration to SRD 232,800 per year. effective 1 April 2022.

#### **Appreciation**

The Supervisory Board is grateful for the contribution made by Management and by all the employees of the Company to the results of 2021. Their collective effort supported improved results under challenging local and regional market conditions.

Paramaribo, 11 March 2022 The Supervisory Board,

P. Healy, Chairman S. Smit, Vice Chairman A. Brahim P. Brahim A. Venetiaan

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## **Salient Figures**

	2021	2020	2019	2018	2017
in SRD					
Sales	124,324,435	62,592,017	42,430,603	41,315,073	39,579,745
Earnings before tax	24,556,334	1,070,910	4,600,346	3,268,839	3,269,609
Net earnings	13,482,973	688,768	2,946,425	2,098,939	2,092,678
Cash flow	16,305,760	2,800,336	4,785,488	3,490,658	2,856,826
Paid-in capital	128,084	128,084	130,471	130,471	130,471
Shareholders' equity	32,343,188	19,624,731	18,830,088	16,478,619	15,287,344
Liabilities	41,260,283	30,544,667	19,482,805	21,620,552	16,752,637
Total equity and liabilities	73,603,471	50,169,398	38,312,893	38,099,171	32,039,981
Per share of SRD 0.10					
Earnings	10.53	0.54	2.26	1.61	1.60
Cash dividend	2.11	0.00	0.30	0.45	0.45
Market value	17.00	17.00	17.00	17.00	17.00
USD exchange rates per end of year	21.65	17.50	8.20	7.60	7.55

# "Growth is never by mere chance; it is the result of forces working together."

- James Cash Penney -



### **Decision making management**





# Managing Director's Report

#### **Business environment**

The year 2021 has been characterized as a year with challenges on many fronts. Suriname faced several waves of COVID-19 infections, which forced government authorities to tighten measures such as curfew and banning of events. The closing of borders has severely impacted the tourism and hotel sector. In particular, our food service customers have been affected by these measures.

Our company also had to deal with COVID-19 infections of our employees. Still, the impact on our production and sales activities has been limited due to strict measures. By December 2021, we can report that our staff is 100% COVID-19 vaccinated.

The increasing global demand with limited supply of raw and packaging material related to the COVID-19 pandemic led to higher costs and pressured stock levels of our raw and packaging materials. In addition, shipping costs further increased. Given these challenges, we had carefully adjusted the prices of our products in a market where consumer purchasing power had already been hit by the crisis in the economy.



In December 2021, the IMF Executive Board approved an Extended Fund Facility for macroeconomic reform plans to stabilize the Suriname economy.

The exchange rate for the US Dollar and Euro is a very determining factor within the Suriname economy. Mid 2021 the Central Bank of Suriname introduced a new daily floating exchange rate policy. Consequently, the Suriname Dollar was depreciated to SRD 21.00 for the US Dollar. The official exchange rate was SRD 21.30¹ for the US Dollar at 31 December 2021 (December 2020: SRD 14.29). In 2021, Suriname recorded a twelve-month inflation rate of 60.6%² (2020: 60.8%).

#### **Annual General Meeting of Shareholders**

On 26 March 2021, the Annual General Meeting of Shareholders approved the financial statements 2020. No dividend was paid for 2020 to allow Management to retain and reinvest earnings for future growth. In accordance with article 7.20 of the bylaws, all Supervisory Board members retire in the Annual General Meeting of Shareholders. The members of the Supervisory Board Mr. P. Healy, Mr. S. Smit, Mr. A. Brahim, Mr. A. Venetiaan and Mr. P. Brahim were re-elected.

<sup>1</sup>Source: Central Bank of Suriname <sup>2</sup>Source: General Bureau of Statistics Suriname

#### **Performance Highlights**

2018 2019

2020

2021



Significant growth was achieved in both sales and earnings before tax by excellent execution of our marketing and sales strategies in both local and export markets. Sales grew by 98.6% to SRD 124,324,435 in the reporting period. Export sales contributed to 28% of total sales.

2018

2019 2020

Earnings from operations grew by 214.0% to SRD 27,290,061. The Company reported earnings before tax of SRD 24,556,334, a growth of SRD 23,485,424 compared to the SRD 1,070,910 reported in 2020.

Local volume slightly declined in 2021 with 1.1% versus 2020 as we put all our emphasis on profitability. The retail channel declined by 3.6% while the foodservice channel grew by 2.5%.

In December 2021, we added Marigold unsalted butter in a 227-gram block to our butter portfolio and simultaneously introduced the new look as part of our Marigold 45<sup>th</sup> anniversary campaign.

## Figh dat het nu ook ongezouten kan zijn





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Our export markets drove overall volume growth in the reported period. The export volume grew by 2.3% and contributed to 33.6% of overall volume. The share of retail volume of the total export volume increased to 90.2% (2020: 83.1%).



Even though the threat of COVID-19 was still present in 2021, it did not cause any disruption to our production process. With the travel limitations still in effect, the external audit was performed remotely in May 2021. The Company was audited against the new ISO 22000: 2018 standard and awarded the certificate after a positive audit result.

Investments in production continued with remote assistance from the supplier and engineers. In September, the automation of the second production line was completed. The investments in our production facility with the emphasis on automation have now been completed and will contribute to an increase in production efficiency, consistency, and capacity. The investment progress is listed in the notes to the financial statements, specifically in note 4 Property. Plant and Equipment and intangible assets.

The monthly Good Manufacturing Practice (GMP) audits with topics on HACCP, ISO, Safety and 5S (SORT, SET IN ORDER, SHINE, STANDARDIZE AND SUSTAIN) workplace organizational and housekeeping methodology increased the involvement and awareness of our personnel regarding our Food Safety Management System, as well as safety on the work floor.

Due to COVID-19, performing GMP audits were a challenge as most of the work had to be done remotely.

#### **GMP** and Target

	2021	2020	<b>A</b>
GMP overall score	92%	90%	2%
Target	95%	90%	5%

The target for the GMP score was increased to 95% in 2021 compared to the 90% in 2020. Although the target for 2021 has not been achieved, our employees have demonstrated that they are capable of producing food-safe products. This is reflected in the daily processes.

#### Incidents, Accidents & Lost working days

	2021	2020	<b>A</b>
Incidents	29	22	7
Accidents	1	0	1
Lost working days	7	0	7

#### **N.V. VSH ENERGY**

From 2015 N.V. VSH ENERGY is included in the statement of financial position as a subsidiary of N.V. VSH FOODS and is dormant.

#### Employees

The total personnel expenses were SRD 12,535,770, representing a 48,9% increase versus 2020. We agreed to a general salary increase for our personnel, amounting to a total increase of 45% for 2021. At the end of 2021, we employed 61 persons. In 2021 we presented a new organization chart to the Supervisory Board in line with our business strategy.

#### "Teamwork is the secret that make common people achieve uncommon result."

- Ifeanyi Enoch Onuoha -









Our employees are the backbone of our organization. We aim to further develop our employees and offer necessary and relevant training.

#### In 2021 we conducted the following training programs

Training	Number of participants	Departments
Refreshment Defensive Driving LSR	8	Sales
Refreshment Fork Lift Truck (FLT)	4	Production HSEQ Warehouse Technical
Emergency Services (BHV Refreshment)	9	Production HSEQ Warehouse Sales
Various Standards in 5S	7	HSEQ Technical
Training program for new employees/part-timers	3	Technical Finance
Awareness session ISO 22000:2018, Basic hygiene, HACCP, TACCP, VACCP, recall	67	Management Purchasing Marketing Secretary Technical HSEQ Sales Labratorium Production Parttimers
Training "Beslisboom"	10	Operation Sales Purchasing HSEQ Technical Department Marketing Finance Labratorium Warehouse
Hypertension session	22	Sales Technical Labratorium Warehouse HSEQ Production
Various work instructions	28	HSEQ Technical Sales Finance Production

#### Our employees anniversaries and pension in 2021



#### Dividend

In the reporting period, the net earnings amounted to SRD 13,482,973 (2020: SRD 688,768). Interim dividend was paid for a total of SRD 0.60 per share of nominal SRD 0.10. In 2020 the company did not pay a dividend.

Management recommends payment of a total cash dividend of SRD 2.11 per share.

This represents a pay-out ratio of 20%. The pay-out ratio deviates from the dividend policy due to the need for a higher working capital in a still challenging global economic environment.

#### **Act on Annual reporting**

According to the Act on annual reporting ("Wet op de jaarrekening (S.B. 2017 No.84)"), all "large" Surinamese Companies should be fully compliant with IFRS as of the financial year 2020. Considering the turbulent economic conditions, several stakeholders have submitted a request to postpone the effective date of this Act. The Government has not communicated a formal position on this request. Although N.V. VSH FOODS continues to make substantial progress in the IFRS implementation process, some standards are still in the implementation phase.

#### 2022 Outlook

Global supply challenges in the area of availability and pricing will continue to impact our business. The recently started war between Russia and Ukraine will further impact the already challenging global supply activities. In addition, Suriname government will execute its macroeconomic reform plans to stabilize the Suriname economy as agreed with the International Monetary Fund. These plans will further reduce the purchasing power of consumers. We will emphasize achieving sales growth in our existing export markets and identifying new markets in the Caribbean.

For 2022 we expect the following:

- Commercial initiatives to sustain profitability
- Sales growth in existing export markets
- Initiate a new export market



#### **Appreciation**

Special thanks to the Supervisory Board for their wisdom and counsel throughout this very challenging year. We are grateful to our consumers, customers and our distributors in export markets for their dedication and supportive feedback on the quality of our products. We are proud of our achievements and want to thank our dedicated team of managers and employees for their efforts, motivation and positive contribution throughout the year.

Paramaribo, 11 March 2022

#### **Marlon Telting**

Managing Director



## **Statement of Financial Position**

At 31 December 2021

	Note	At 31 December 2021	At 31 December 2020
ASSETS		SRD	SRD
Non-current assets			
Property, plant and equipment	4	18,038,405	18,498,040
Intangible assets	4	367,105	512,909
Subsidiary interest		200,000	200,000
Financial assets	5	352,184	344,804
Total non - current assets		18,957,694	19,555,753
Current assets			
Inventories	6	37,423,949	21,830,407
Trade and other receivables	7	15,816,706	5,984,349
Income tax receivables	10	-	989,735
Cash and cash equivalents	8	1,405,122	1,809,154
Total current assets		54,645,777	30,613,645
Total assets		73,603,471	50,169,398
EQUITY AND LIABILITIES			
Equity			
Share capital	9	128,084	128,084
Capital in excess of par value	3/9	433,783	433,783
Revaluation reserve	3/9	1,229,842	1,279,840
Retained earnings		17,068,505	17,094,256
Net earnings		13,482,973	688,768
Total equity		32,343,187	19,624,731
Liabilities			
Non-current liabilities			
Deferred taxes	10	9,863,056	4,751,672
Employee benefit obligation	11	1,021,633	-
Long-term borrowings	12	945,973	2,076,258
Lease liability	13	105,104	2,007,170
Total non-current liabilities		11,935,766	8,835,100
Current liabilities			
Provisions	14	947,971	475,033
Short-term borrowings and lease liability	12/13	10,635,011	11,904,876
Income tax payable	10	4,692,755	-
Trade and other payables	15	13,048,781	9,329,658
Total current liabilities		29,324,518	21,709,567
Total equity and liabilities		73,603,471	50,169,398

The accompanying notes on pages 26 to 41 are an integral part of these financial statements.

#### Paramaribo, 11 March 2022

Supervisory Board

**Managing Director** M. Telting

P. Healy, Chairman

S. Smit, Vice Chairman

A. Brahim

P. Brahim

A. Venetiaan

## **Statement of Income**

For the year ended 31 December 2021

	Note	2021	2020
		SRD	SRD
Sales Cost of sales		124,324,435 (67,621,470)	62,592,017 (34,378,643)
Gross profit		56,702,965	28,213,374
Personnel expenses Distribution expenses Administrative expenses Depreciation and amortization	16 17 18 4	(12,535,770) (2,038,372) (12,015,975) (2,822,787)	(8,420,153) (1,206,398) (7,784,942) (2,111,568)
Total expenses from operations		(29,412,904)	(19,523,061)
Earnings from operations		27,290,061	8,690,313
Finance costs Exchange rate (losses)/ gains Investment income Other non-operating income	19 20 5 21	(1,022,370) (2,457,346) 9,225 736,764	(748,276) (7,171,498) 9,405 290,966
Earnings before tax Income tax	10	<b>24,556,334</b> (11,073,361)	<b>1,070,910</b> (382,142)
Net earnings		13,482,973	688,768
EARNINGS PER SHARE Weighted average number of ordinary shares outstanding Earnings per share	22	1,280,837 10.53	1,280,837 0.54
DIVISION OF NET EARNINGS Interim dividend Final dividend Addition to retained earnings	23 23	768,502 1,934,064 10,780,407	- - 688,768
		13,482,973	688,768

The accompanying notes on pages 26 to 41 are an integral part of these financial statements.

#### Paramaribo, 11 March 2022

Supervisory Board

P. Healy, Chairman S. Smit, Vice Chairman

A. Brahim

P. Brahim

A. Venetiaan

Managing Director M. Telting

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## Statement of Changes in Equity For the year ended 31 December 2021

in SRD	Share capital	Capital in excess of par value	Revaluation reserve	Retained earnings	Total
Equity at 1 January 2020	130,471	431,634	1,343,633	16,924,350	18,830,088
Net result	-	-	-	688,768	688,768
Unclaimed dividend	-	-	-	105,688	105,688
Withdrawal of shares	(2,387)	2,149	-	238	-
Revaluation	-	-	187	-	187
Realized revaluation PP&E	-	-	(63,980)	63,980	-
Equity at 31 December 2020					
before appropriation of net earnings	128,084	433,783	1,279,840	17,783,024	19,624,731
Appropriation of net earnings Final dividend	-	-	-	-	-
Equity at 31 December 2020					
after appropriation of net earnings	128,084	433,783	1,279,840	17,783,024	19,624,731
Net earnings	-	-	-	13,482,973	13,482,973
Interim dividend	-	-	-	(768,502)	(768,502)
Revaluation	-	-	3,985	-	3,985
Realized revaluation PP&E	-	-	(53,983)	53,983	-
Equity at 31 December 2021					
before appropriation of net earnings	128,084	433,783	1,229,842	30,551,478	32,343,187
Appropriation of net earnings					
Proposed Final dividend	-	-	-	(1,934,064)	(1,934,064)
Equity at 31 December 2021					
after appropriation of net earnings	128,084	433,783	1,229,842	28,671,414	30,409,123

The accompanying notes on pages 26 to 41 are an integral part of these financial statements.

Managing Director

M. Telting

#### Paramaribo, 11 March 2022

Supervisory Board

P. Healy, Chairman

S. Smit, Vice Chairman

A. Brahim

P. Brahim

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A. Venetiaan

## **Statement of Cash Flows**

For the year ended 31 December 2021

	2021	2020
	SRD	SRD
Cash flows from operating activities		
Earnings before tax	24,556,334	1,070,910
Adjusted for:	0.000.707	0.444.500
Depreciation and amortization	2,822,787	2,111,568
- Provision product warranty	476,963	155,934
- Provision inventories and other receivables	1 001 000	160,000
Provision employee benefit obligation	1,021,633	-
Revaluation loss / (gain) on lease liability Investment income	581,648	1,838,479
	(9,225)	(9,405)
- Finance costs	1,022,370	748,276
Changes in working capital:	(15 502 542)	(10 065 116
- Change in inventories - Change in trade and other receivables	(15,593,542)	(10,065,116)
	(9,832,357) 3,665,140	(2,898,092)
- Change in trade and other payables	3,003,140	339,508
- Adjustment regarding provisions - Adjustment regarding payables	175.055	(160,000) 1,045,155
- Aujustinent regarding payables - Unclaimed dividend	175,255	
- Oncialmed dividend - Unpaid dividend	52 002	105,688
- Oripaid dividend	53,982	
Cash generated/ (used in) from operations	8,940,988	(5,557,095)
Claims paid	(4,025)	(4,054
Paid interest	(877,164)	(689,932
Paid income tax	(458,137)	(50,512)
Net cash generated/ (used in) from operating activities	7,601,662	(6,301,593)
Cash flows from investing activities		
Investment in property, plant and equipment	(2,142,202)	(393,601
Investment in intangible assets	-	(2,001)
Dividend received	9,225	2,205
Net cash used in investing activities	(2,132,977)	(393,397)
Net tash useu ili hivesting attivities		
•		
Cash flows from financing activities	(3.843,768)	7.088,422
Cash flows from financing activities (Repayments) and proceeds of borrowings	(3,843,768) (1,260,447)	
Cash flows from financing activities (Repayments) and proceeds of borrowings Payments of lease liability	(3,843,768) (1,260,447) (768,502)	
Cash flows from financing activities (Repayments) and proceeds of borrowings Payments of lease liability Dividend paid	(1,260,447)	(887,623)
Cash flows from financing activities (Repayments) and proceeds of borrowings Payments of lease liability Dividend paid  Net cash (used in)/ generated from financing activities	(1,260,447) (768,502) (5,872,717)	7,088,422 (887,623, - <b>6,200,799</b>
Cash flows from financing activities (Repayments) and proceeds of borrowings Payments of lease liability Dividend paid  Net cash (used in)/ generated from financing activities  Net (decrease) in cash and cash equivalents for the year Cash and cash equivalents at 1 January	(1,260,447) (768,502)	(887,623)

The accompanying notes on pages 26 to 41 are an integral part of these financial statements.

#### Paramaribo, 11 March 2022

#### Supervisory Board

P. Healy, Chairman

S. Smit, Vice Chairman

A. Brahim

P. Brahim

A. Venetiaan

Managing Director

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M. Telting

### **Notes to the Financial Statements**

#### 1. Information on the reporting entity

N.V. VSH FOODS is a company registered and domiciled in Suriname. The Company's registered office is at Indira Gandhiweg 157, Paramaribo Suriname. The financial statements refer to the Company's financial statements as at and for the year ended 31 December 2021.

The Company is involved in the manufacturing of butter, margarine and shortening and sale and distribution of its products.

The Company has a manufacturing plant at above mentioned address and sells in Suriname and the Caribbean.

N.V. VSH ENERGY is a wholly-owned (100%) and a dormant subsidiary of N.V. VSH FOODS.

The Company's parent, which is also its ultimate parent entity, is N.V. Verenigde Surinaamse Holdingmij-/ United Suriname Holding Company (VSH United). VSH United holds a majority share of 65.34% (2020: 64.30%) in the Company.

These financial statements have been prepared by the Management of the Company and were authorized for issue by the Supervisory Board on 11 March 2022.

#### 2. Basis of preparation

#### a. Statement of compliance

According to the Act on annual reporting ("Wet op de jaarrekening (S.B. 2017 No.84)"), all "large" Surinamese Companies should be fully compliant with IFRS from the fiscal year 2020. Considering the 2020 and 2021 turbulent conditions due to the pandemic, several stakeholders have submitted a request to postpone the effective date of this Act. An amendment to this Act has been prepared and was submitted to Parliament for approval. Although N.V. VSH FOODS continues to make substantial progress in complying with IFRS criteria, some standards are still in the implementation phase.

#### b. Basis of measurement

Specific basis of measurement:

Property is valued at current value less accumulated depreciation.

Plant and equipment are valued at cost less accumulated depreciation. Financial assets are presented at fair value. Other assets and liabilities are stated at face value using the historical cost method.

#### c. Functional and presentation currency

These financial statements are presented in Suriname Dollars (SRD), which is the Company's functional currency. All financial information presented in Suriname Dollars has been rounded to the nearest dollar.

#### d. Use of estimates and judgements

The preparation of financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods if affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 14.

#### e. **Application of IFRS standards**

Certain provisions from the following IFRS standards were applied to these financial statements:

IAS 2 : Inventories

IAS 7 : Statement of Cash Flows
IAS 19 : Employee Benefits
IAS 24 : Related Party Disclosures
IAS 33 : Earnings per Share
IFRS 9 : Financial instruments

IFRS 15 : Revenue from Contracts with Customers

IFRS 16 : Leases

#### 3. Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

#### a. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the internal rates derived from the free market exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency at reporting date are translated to the functional currency at the exchange rate at that date. Exchange differences arising are charged or credited to the statement of income.

The exchange rates used for the USD and the EURO at 31 December are:

in SRD	2021	2020
USD	21.65	17.50
EUR0	24.53	21.50

#### b. Property, Plant and Equipment (PP&E)

Land, land improvements and building are valued at current value based on the historical cost in foreign currency converted at the exchange applicable till 2014, taking into account any revaluations less accumulated depreciation. The other tangible fixed assets are valued at acquisition cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the costs of individual assets to their residual values over their estimated useful lives as follows:

	Years
Property	20 - 40
Land improvements	5 - 10
Plant	5 - 10
Equipment	3 - 5
Motor vehicles	5
Right-of-use assets	5

Land is not depreciated.

Low value items measured as equipment are written off at once.

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When a major repair or maintenance is performed, its cost is recognized in the carrying amount of the PP&E as a replacement, if the recognition criteria are satisfied.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the statement of income.

Investments in progress are carried at cost on the basis of expenditure up to 31 December 2021. Investments in progress is not depreciated. Upon completion the total costs are transferred to the relevant PP&E.

At the end of each reporting period, management reviews, if any, indicators of impairment. If confirmed, an impairment test is conducted to ensure that the carrying amount of the asset exceeds its estimated recoverable amount. Impaired assets are then written down to its recoverable amount.

#### c. Intangible assets

Intangible assets with finite useful lives, are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives of the related assets. The amortization expense is recognized in the statement of income under depreciation and amortization expenses. The current estimated useful life is 3 years.

#### d. Subsidiary

A subsidiary is the entity in which the company has control, defined as the power to govern the financial and operating policies so as to obtain benefits from their activities. In 2014 N.V. VSH ENERGY was established and is dormant.

#### e. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or an equity instrument of another entity. Financial instruments carried on the statement of financial position include financial assets, trade and other receivables, cash and cash equivalents, trade and other payables and long and short-term borrowings.

#### Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (through statement of income)
- Those to be measured at amortized cost

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

#### Measurement

#### Financial assets

Financial assets consist of investments in shares of listed companies. The shares are measured at their fair value, which is the closing price of the last trading session of the stock exchange in December 2021, where the shares are listed.

#### Debt instruments

Debt instruments are measured at amortized cost. Amortized cost represents the net present value (NPV) of the consideration receivable as of the transaction date. This classification of financial assets comprises the following captions:

- Cash and cash equivalents
- Trade and other receivables

Due to their short-term nature, the Company initially recognizes these assets at the original invoiced or transaction amount less expected credit losses.

#### **Equity instruments**

The Company measures an equity investment at fair value.

#### **Financial liabilities**

#### Classification

The Company classifies its financial liabilities in the following measurement categories:

- Those to be measured at fair value
- Those to be measured at amortized cost

#### Measurement

All financial liabilities are recognized initially at fair value. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy notes.

#### f. **Inventories**

Inventories are stated at weighted average cost and net realizable value.

Costs comprise direct materials and all costs incurred to bring inventories to their present location and condition net of discounts, rebates and bonuses.

Finished goods and work in progress are valued based on the raw and packaging materials used.

#### g Trade and other receivables

Trade and other receivables are measured at original invoice value less any expected credit loss. Trade receivables do not carry interest.

#### h. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash on hand and carried at cost.

#### i. Share capital

Shares are classified as equity.

#### Capital in excess of par value

The capital in excess of par value relates to the difference between nominal value and issue price of shares.

#### k. Revaluation reserve

The revaluation reserve relates to the revaluation of property less yearly transferred depreciation and less deferred taxes related hereto and revaluation of financial assets less deferred taxes. The realized part of the revaluation reserve due to annual depreciation is transferred to and presented as retained earnings.

#### Borrowings

Loans are recognized at fair value. Borrowings are subsequently carried at amortized cost using the effective interest method.

#### m. **Provisions**

Provisions are recognized for actual (legal or constructive) obligations, existing at reporting date and arising from past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation.

The Company provides warranties on products sold. Provisions are made for the estimated costs based on experience and industry averages for defective products.

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#### n. Trade and other payables

Trade and other payables are stated at nominal value. Trade payables do not carry interest.

#### o. Sales

Revenue from the sale of products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales taxes, customer discounts and other sales related discounts. Revenue from the sale of products is recognized in the statement of income, when performance obligations are satisfied and the significant risk and rewards of ownership have been transferred to the buyer.

#### p. Cost of sales

The cost of sales comprises of:

- the costs of raw and packing material and costs directly and indirectly attributable to the sold and delivered goods.
- the write-downs of inventories.

#### q. Employee benefits

#### Pension obligation

Pensions of the employees are kept in a pension fund foundation which is a separate legal entity. The Company's contribution is booked towards personnel expenses in the statement of income.

#### Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

#### Long-term employee benefits

Employees are awarded a jubilee payment for employment service exceeding ten years up to a maximum of forty service years.

#### r. **Leases**

The Company leases computers and motor vehicles. Lease contracts are typically made for fixed periods of 3 - 5 years. Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognized as a right-of-use (ROU) asset and a corresponding liability at the lease commencement date.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external sources that reflect the terms of the lease and the type of asset leased.

The ROU asset is measured at cost comprising of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading Property, plant and equipment, and the lease liability is shown separately under Non-current and Current liabilities.

#### Short-term leases and leases of low value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets (less than USD 5,000) and short-term leases (shorter than twelve months). The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### s. Finance costs

Finance costs comprises of borrowing costs, interest of the right-of-use asset, bank interest paid, bank interest received and bank charges and are recognized when incurred.

#### t. Investment income

Dividend received from financial assets during the year are recognized as investment income.

#### u. Other non-operating income

Other non-operating income comprises of sales of empty drums.

#### v. Income tax and deferred taxes

Taxes on income are accrued in the same period as the revenues and expenses to which they relate. Current tax receivables or payables for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Authorities. The tax rates and the tax laws used are those that are enacted or substantively enacted at reporting date.

Deferred taxes are recorded, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for commercial purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at reporting date. Deferred tax assets are recognized only to the extent that it is probable that future taxable earnings will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### w. Earnings per share

Earnings per share are calculated by dividing the net earnings attributable to Shareholders of the Company by the weighted average of ordinary of shares at 31 December.

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## 4. Property, plant and equipment and intangible assets Changes in PP&E and intangible assets in 2021 are as follows:

Investment	in SRD	Property	Plant	Equipment	Motor vehicles	Right of use assets: motor vehicles	Investments in progress	Total	Software
Depreciation and amortization (167,877) (884,197) (542,579) (18,875) (413,501) - (2,027,029) (84,539) (17 cm   10,061,128) (408,440) (40	Balance at 1 January 2020	2,701,980	4,434,409	1,445,305	51,908	1,611,367	10,145,371	20,390,340	187,007
Transfers 606,910 8,706,900 338,878 (10,061,128) (408,440) 408,44  Balance at 31 December 2020 3,141,013 12,257,112 1,241,604 33,033 1,347,434 477,844 18,498,040 512,90  Investment 75,145 2,142,202 2,217,347  Depreciation and amortization (194,216) (1,494,200) (575,019) (18,875) (394,672) - (2,676,982) (145,804)  Transfers 17,298 1,747,143 227,439 (1,991,880) -  Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,108  Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79  Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Investment	-	-	-	-	149,568	393,601	543,169	2,001
Balance at 31 December 2020 3,141,013 12,257,112 1,241,604 33,033 1,347,434 477,844 18,498,040 512,90  Investment 75,145 2,142,202 2,217,347  Depreciation and amortization (194,216) (1,494,200) (575,019) (18,875) (394,672) - (2,676,982) (145,804)  Transfers 17,298 1,747,143 227,439 (1,991,880) -  Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,105  Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79  Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Depreciation and amortization	(167,877)	(884,197)	(542,579)	(18,875)	(413,501)	-	(2,027,029)	(84,539)
Investment 75,145 2,142,202 2,217,347  Depreciation and amortization (194,216) (1,494,200) (575,019) (18,875) (394,672) - (2,676,982) (145,804)  Transfers 17,298 1,747,143 227,439 (1,991,880) -  Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,108  Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79  Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Transfers	606,910	8,706,900	338,878	-	-	(10,061,128)	(408,440)	408,440
Depreciation and amortization (194,216) (1,494,200) (575,019) (18,875) (394,672) - (2,676,982) (145,804)  Transfers 17,298 1,747,143 227,439 (1,991,880)	Balance at 31 December 2020	3,141,013	12,257,112	1,241,604	33,033	1,347,434	477,844	18,498,040	512,909
Transfers 17,298 1,747,143 227,439 (1,991,880) - Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,108   Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79   Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Investment	-	-	-	-	75,145	2,142,202	2,217,347	-
Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,105  Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79  Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Depreciation and amortization	(194,216)	(1,494,200)	(575,019)	(18,875)	(394,672)	-	(2,676,982)	(145,804)
Net carrying amount:  Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79  Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Transfers	17,298	1,747,143	227,439	-	-	(1,991,880)	-	-
Current Value 6,134,030 20,588,953 4,843,478 100,408 2,613,883 628,166 34,908,918 602,79 Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Balance at 31 December 2021	2,964,095	12,510,055	894,024	14,158	1,027,907	628,166	18,038,405	367,105
Accumulated Depreciation and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686)	Net carrying amount:								
and amortization (3,169,935) (8,078,898) (3,949,454) (86,250) (1,585,976) - (16,870,513) (235,686	• • • • • • • • • • • • • • • • • • • •	6,134,030	20,588,953	4,843,478	100,408	2,613,883	628,166	34,908,918	602,791
Balance at 31 December 2021 2,964,095 12,510,055 894,024 14,158 1,027,907 628,166 18,038,405 367,10	•	(3,169,935)	(8,078,898)	(3,949,454)	(86,250)	(1,585,976)	-	(16,870,513)	(235,686)
	Balance at 31 December 2021	2,964,095	12,510,055	894,024	14,158	1,027,907	628,166	18,038,405	367,105

The property, plant and equipment are insured against fire up to USD 5,473,604 (SRD 118,503,527).

The motor vehicle is insured for all risks up to USD 12,300 (SRD 266,295).

The motor vehicles classified under right-of-use assets are insured for all risks up to USD 339,000 (SRD 7,339,350).

Adjustments in the right-of-use assets (ROU) during the year:

The right-of-use asset at the beginning of the lease contract is measured at present value including the residual value at the end of the period. With the adoption of IFRS 16 an annual adjustment of the present value of this residual value is being recognized as interest in the statement of income.

#### 5. Financial assets

Financial assets consist of shares in listed companies. The shares are measured at their fair value, which is the closing price of the last trading session in December 2021 of the Suriname stock exchange.

Funds	Numbers of shares	Price	Currency	2021	2020
				Value in SRD	Value in SRD
Assuria N.V.	3,690	85.25	SRD	314,573	307,193
De Surinaamsche Bank N.V.	4,179	9.00	SRD	37,611	37,611
Total financial asset	ts			352,184	344,804

Dividend received for the year from Assuria N.V. amounts to SRD 9,225 (2020: SRD 9,405).

#### 6. Inventories

in SRD	2021	2020
Raw and packaging materials	27,367,901	12,534,951
Finished goods	3,815,218	1,144,986
Supplies and spare parts	1,229,230	1,085,293
Trading goods	140,538	101,169
Prepaid goods in transit	4,871,062	6,964,008
Total inventories	37,423,949	21,830,407

In 2021 no provision for impairment loss was considered necessary (2020: SRD 160,000).

The prepaid goods in transit are insured against loss or damage up to USD 100,000 any one conveyance for machinery, equipment, packaging and other raw materials.

#### 7. Trade and other receivables

2021	2020
14,096,073	5,759,771
243,132	148,535
68,688	42,473
9,223	23,029
1,133,286	-
266,304	10,541
15,816,706	5,984,349
	14,096,073 243,132 68,688 9,223 1,133,286 266,304

#### 8. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and cash on hand.

in SRD	2021	2020
Denominated in SRD	1,244,568	1,380,450
Denominated in USD	73,665	220,470
Denominated in EURO	86,889	208,234
Total cash and cash equivalents	1,405,122	1,809,154

The cash and cash equivalents are at free disposal of the Company.

#### 9. Share capital, capital in excess of par value and revaluation reserve

#### Share capital

On 31 December 2021 the issued share capital comprised of 1,280,837 shares (2020: 1,280,837 shares) with a par value of SRD 0.10 each. All issued shares are fully paid up.

#### Capital in excess of par value

The capital in excess of par value relates to the difference between nominal value and the price of the shares issued in 2001 and 2010 minus the amount paid up by disbursement of SRD 0.09 nominal value per share with regards to the conversion of SRG to SRD shares in 2012. On 31 December 2020 the outstanding shares were reduced with 23,877 shares and were credited to Capital in excess of par value for SRD 0.09 per share.

#### Revaluation reserve

This reserve has arisen from the revaluation of property less the deferred taxes and yearly realized depreciation and revaluation of financial assets less deferred taxes. The yearly realized transfer of the revaluation reserve of the property is based on the difference between the commercial depreciation and fiscal depreciation.

#### 10. Income tax and deferred taxes

#### Income tax

Income tax is calculated at the applicable rate over the earnings before tax over the financial year, taking into account the differences between valuation for commercial and for taxation purposes. In 2021, the Government of Suriname introduced a solidarity levy of 10% on income Tax for one year. The applicable rate over this financial year is based on a temporary regulation and is calculated as follows:

- 1/12 of 36% of the taxable earnings
- 11/12 of 36% of the taxable earnings between SRD 0 SRD 150.000
- 11/12 of 46% of the taxable earnings above SRD 150.000

#### Iron inventory

The application of the iron inventory valuation method is adjusted based on the actual situation during the year, considering the solidarity levy.

#### Participation exemption

For the calculation of the income tax, participation exemption has been taken into consideration for dividend income to the amount of SRD 9,225 (2020: SRD 9,405).

The income tax (receivable) / payable is specified as follows:

in SRD	2021	2020
Balance at 1 January	(989,735)	(43,342)
Paid during the year	(458,137)	(50,512)
Settlement of income tax 2016	-	1,045,155
Settlement of income tax 2002	175,255	-
Due for the year	11,073,361	382,142
Inventory adjustments	(5,155,275)	(2,360,467)
Depreciation of PP&E	45,986	35,989
Accelerated depreciation	1,300	1,300
Balance at 31 December	4,692,755	(989,735)

#### **Deferred taxes**

Deferred taxes relate to tax liabilities arising from the differences between valuation for commercial and for tax purposes. In 2002, 2003, 2004 and 2005 requests for the application "accelerated depreciation" according to the Investment Code 2001 were submitted to the Ministry of Finance for part of the investments made in PP&E from 2002 to 2005. In the financial statements it is assumed that part of the requests will be granted. This assumption is based on the approvals and rejections received from the Ministry of Finance. Part of the investment made in PP&E is fully depreciated.

in SRD	2021	2020
Balance at 1 January	4,751,672	2,428,388
Revaluation of non-current financial assets	3,395	106
Inventory adjustments	5,155,275	2,360,467
Release depreciation of PP&E	(45,986)	(35,989)
Release accelerated depreciation	(1,300)	(1,300)
Balance at 31 December	9,863,056	4,751,672

#### 11. Employee Benefit Obligation

in SRD	2021
Movement in employee benefit obligation:	
Balance at 1 January	-
Addition	1,090,626
Balance at 31 December	1,090,626
Short-term employee benefit obligation	68,993
Long-term employee benefit obligation	1,021,633

The employee benefit obligation represents jubilee obligation.

In accordance with the collective labor agreement the Company has an obligation for jubilee payments. As per 2021 this liability, is based on internal calculations.

#### 12. **Borrowings**

Borrowings consist of a long-term loan for investments in buildings and machinery and short-term loans which comprise of two collateral bank overdraft facilities denominated in SRD and USD.

On 17 Augustus 2018 a five-year loan of SRD 5,000,000 was signed to finance capital investments. The balance at year end amounted to SRD 945,973 (2020: SRD 2,076,258). The fixed rate is 11% per annum.

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On 30 November 2020, the Company obtained a one year overdraft facility of a maximum of SRD 8,000,000 from Finabank N.V. financed from COVID-19 credit facility of the Central bank of Suriname (CBvS) to finance working capital requirements. This facility was extended with one year. The balance at year end amounted to SRD 6,503,480 (2020: SRD 7,030,531). The fixed rate is 7.5% per annum.

The collateral encompasses:

- a mortgage on land at the Indira Gandhiweg 157
- first beneficiary on the fire insurance

On 19 June 2008, the Company obtained an overdraft facility of a maximum of USD 250,000 from DSB to finance working capital requirements on an ongoing basis.

The balance at year end amounted to USD 24,678 (SRD 534,284) (2020: USD 167,363). The fixed rate is 7.0% per annum.

The collateral encompasses:

- Pledge of fixed assets
- Fiduciary assignment of inventories
- Fiduciary assignment of machinery and equipment

#### 13. Lease liability

The lease liability comprises of a contract with, Fernandes Autohandel N.V., for distribution trucks (start date 2017) and a lease contract for a vehicle (start date 2019).

The Company agreed upon an installment plan which divides the financial obligation into monthly payments with a final payment of 15% for the distribution trucks.

The movement of the lease liability is as follows:

in SRD	2021	2020
Balance at 1 January	2,941,603	1,782,836
Movements:		
Revaluation loss	581,648	1,838,479
Installments	(1,260,447)	(887,623)
Interest	220,352	207,911
Total	2,483,156	2,941,603
Short-term portion (< 12 months) (USD 109,841)	2,378,052	934,433
Between one and five years (USD 4,855)	105,104	2,007,170

#### 14. Provisions

#### Product warranty

This warranty represents Management's best estimate of the Company's possible liability under warranties granted for its products, based on experience and industry averages for defective products. A provision of 0.75%, of the gross sales of margarine, shortening and butter (agreed with the Tax Authorities) was recognized amounting to SRD 947,971.

in SRD	2021	2020
Balance at 1 January	475,033	323,153
Claims	(4,025)	(4,054)
	471,008	319,099
Addition	476,963	155,934
Balance at 31 December	947,971	475,033

#### 15. Trade and other payables

in SRD	2021	2020
Trade payables	9,222,291	7,013,684
Other payables:		
Employee benefits	1,565,057	832,036
Marine insurance	167,660	102,534
Supplier invoices to be received	496,722	597,714
VSH Community Fund contribution	316,195	38,513
Other payables	1,280,856	745,177
Total trade and other payables before distribution of earnings	13,048,781	9,329,658
Proposed final dividend	1,934,064	-
Total trade and other payables after distribution of earnings	14,982,845	9,329,658

#### 16. Personnel expenses

in SRD	2021	2020
Salaries and wages	6,673,743	4,865,231
Bonuses	1,839,776	1,137,628
Medical insurance	811,858	516,463
Vacation allowances	614,622	507,321
Contribution to pension plan	535,663	488,430
Employee benefit obligation	1,090,626	-
Covid-19 related expenses	-	204,922
Training	51,881	73,194
Other personnel expenses	917,601	626,964
Total personnel expenses	12,535,770	8,420,153

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All employees joined the Pension Fund "Stichting VSH Pensioenfonds". The Company contributes 14% and the employees 6% of the base salary to the pension fund. The Company's pension contribution in 2021 amounted to SRD 535,663 (2020: SRD 488,430). This amount is recognized under personnel expense.

The plan maintained by the pension fund is a defined contribution plan, with the following maximum base salaries per year:

Personnel SRD 78,000
 Staff SRD 162,500
 Management SRD 260,000

Pension liabilities of the pension fund at 31 December 2021 amounted to SRD 129,853,344<sup>3</sup> and the total equity amounted to SRD 69,418,583<sup>3</sup>.

#### 17. Distribution expenses

in SRD	2021	2020
Export expenses	1,526,004	896,649
Fuel expenses delivery trucks	342,973	192,864
Other distribution expenses	169,395	116,886
Total distribution expenses	2,038,372	1,206,398

#### 18. Administrative expenses

in SRD	2021	2020
Marketing	1,609,753	1,308,689
Maintenance	1,599,212	1,012,898
Office costs	1,212,119	911,259
ICT costs	1,086,748	930,185
Consultancy fees	905,517	372,543
Manufacturing	885,161	730,906
Utility expenses	662,215	483,642
Laboratory costs	644,024	276,842
Representation expense	611,817	284,768
Provision product warranty	476,963	155,934
Insurance costs	460,723	292,756
Gift and donations	447,851	110,311
Communication costs	389,660	283,394
Remuneration of Supervisory Board	120,000	106,667
Other administrative expenses	904,212	524,148
Total administrative expenses	12,015,975	7,784,942

As per 1 January 2020 provisions are presented within administration costs.

<sup>3</sup>Unaudited

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#### 19. Finance costs

in SRD	2021	2020
Interest received	(1,986)	(1,052)
Interest paid on short-term loans	605,512	287,028
Interest paid on long-term loans	273,638	403,956
Interest regarding lease liability:		
Interest lease expense	220,351	207,912
Interest regarding yearly adjustment	(75,145)	(149,568)
Total finance costs	1,022,370	748,276
·		

#### 20. Exchange rate (losses) / gains

in SRD	2021	2020
Revaluation of receivables and payables	(2,533,015)	(3,564,282)
Revaluation of loans	(124,370)	(3,424,874)
Revaluation cash and cash equivalents	(33,797)	44,991
Other	233,836	(227,333)
Total exchange rate (losses) / gains	(2,457,346)	(7,171,498)

#### 21. Other non-operating income

in SRD	2021	2020
Income from sales of empty drums	736,764	290,966

#### 22. Earnings per share

All shares of the Company are shares with a par value of SRD 0.10. The calculation of earnings per share at 31 December 2021 was based on the net earnings attributable to Shareholders of the Company and the number of weighted ordinary shares outstanding.

in SRD	2021	2020
Net earnings attributable to Shareholders of the Company	13,482,973	688,768
Number of weighted ordinary shares outstanding	1,280,837	1,280,837
Earnings per share in SRD	10.53	0.54

#### 23. Dividend declared and proposed

in SRD	2021	2020
Interim dividend SRD 0,60 per share (2020: SRD 0 per share)	768,502	
Management proposes total dividend for 2021 of SRD 2.11 per share (2020: SRD 0 per share)	2,702,566	-

Management proposed not to pay dividend for 2020. The proposal was adopted by the Annual General Meeting of Shareholders on 26 March 2021.

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#### 24. Off balance commitments

#### Low value assets

The total commitment for future minimum lease payments for low value assets under non-cancelable operational leases at reporting date amounts to:

in SRD	2021	2020
Due within one year (USD 12,202) (2020: USD 11,760)	264,178	205,800
Between one and five years (USD 16,270) (2020: USD 23,520)	352,237	411,600
Total	616,415	617,400

Non-cancelable operating lease payments represent rentals payable by the Company for the use of computer hardware.

#### 25. Related party disclosure

#### **Supervisory Board**

The remuneration of the Supervisory Board is approved by the Annual General Meeting of Share holders. In 2021 the total remuneration amounted to SRD 120,000 (2020: SRD 106,667).

VSH United holds a majority share of 65.34% and has appointed 2 members in the Supervisory Board of the Company.

The individual members hold a total of 0.04% of the outstanding shares.

#### Management

The remuneration of key management personnel of the Company is determined by the Supervisory Board. The remuneration consists of a fixed monthly salary and a bonus. Performance of the Managing Director is measured against a yearly minimum target of 18% of Return on Capital Employed (short-term) and a three-year target of 74.0% for growth in earnings before tax (long-term).

Capital Employed at the beginning of the year amounted to SRD 28,459,831 and the Return on Capital Employed achieved in 2021 was 89.07% (2020: 4.16%). The minimum return on Capital Employed was achieved in 2021 so the Managing Director earns the short-term bonus which amounts to SRD 253,487. The growth in earnings before tax for the three-year target is 675% so the Managing Director earns the long-term bonus which amounts to SRD 538.913.

The Managing Director does not hold any shares of the outstanding ordinary shares in the Company.

#### Related parties' transactions

The Chief Executive Officer and the Chief Financial officer of VSH United are members of the Supervisory Board of the Company.

The Company is charged by VSH United for IT related services and salary administration.

The Company also purchases goods and services from other subsidiaries of VSH United. The Company contributes on a final monthly basis 1.5% of the earnings before tax to the VSH Community Fund.

The related party transactions are executed on an arm's length basis. Outstanding balances are not secured, do not carry interest and are settled with cash and cash equivalents.

The yearly charges for services are:

in SRD	2021	2020
IT related services and salary administration	1,080,989	949,898

At 31 December 2021 the intercompany balance with VSH United are as follows: The Company owed:

- N.V. Verenigde Surinaamse Holdingmij SRD 355,761
- N.V. VSH Transport SRD 119,166
- N.V. VSH Trading SRD 39,444
- N.V. VSH Shipping SRD 2,156
- N.V. VSH Logistics SRD 4,322

These amounts are included in trade payables and do not carry interest.

#### Contribution

In 2021 the total contribution to the VSH Community Fund amounted to SRD 433,394 (2020: SRD 94,048).

#### 26. Subsequent events

Income tax and wage tax amendments:

The temporarily adjusted corporate income tax rate in 2021, solidarity levy, is no longer applicable per 1 January 2022 according to the Income Tax Act. Per January 2022, the wage tax rate for employees was adjusted with amendments to the Wage Tax Act.

#### **Pension Fund adjustment**

As per 1 January 2022 the Stichting VSH Pensioenfonds (Pension Fund) increased the maximum base salaries per year as follows:

Personnel SRD 214,500
 Staff SRD 446,875
 Management SRD 715,000

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## **Independent Auditor's Report**

To: the Shareholders of N.V. VSH FOODS Paramaribo

#### **Opinion**

We have audited the financial statements of N.V. VSH FOODS ("the Company"), in Paramaribo, which comprise the statement of financial position as at December 31, 2021, the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of N.V. VSH FOODS and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles.

#### **Basis for Opinion**

We conducted our audit in accordance with generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of N.V. VSH FOODS in accordance with the ethical requirements that are relevant to our audit of the financial statements, 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.

#### **Emphasis of a Matter**

We draw attention to Note 2a Statement of compliance which sets out the reason why the financial statements in deviation from the Act on Annual Reporting ("Wet op de jaarrekening") (S.B. 2017 No.84), have not been prepared in full compliance with International Financial Reporting Standards (IFRS). Our opinion is not modified in respect of this matter.

#### **Other Matter**

As of February 24, 2022 the World is facing the conflict between Russia and Ukraine. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified in respect of this matter.

#### Other Information included in the Annual Report

Management is responsible for the other information. The other information comprise the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the procedures performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles, 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 unless management eitherintends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### 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 generally accepted auditing standards 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 we exercise professional judgment 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.
- Conclude on the appropriateness of the management's use of the going concern basis of counting 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Paramaribo, 11 March, 2022

Lutchman & Co N.V.

Represented and signed by D. de Keyzer CA, AA (Chartered Accountant)



# MANAGEMENT SYSTEM CERTIFICATE

Certificate no.: 277803-2018-AFSMS-NLD-RvA itial certification date

Valid: 20 June 2021 – 19 June 2024

This is to certify that the management system of

#### N.V. VSH FOODS

Indira Gandhiweg 157, Paramaribo, Suriname

has been found to conform to the Food Safety Management System standard:

ISO 22000:2018

This certificate is valid for the following scope:

The production and distribution of butter, margarine, spreads and industrial fats (category CIV).

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Place and date: Barendrecht, 04 June 2021







For the issuing office: DNV - Business Assurance Zwolseweg 1, 2994 LB Barendrecht, Netherlands



J.H.C.N. van Gijlswijk
Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.

ACCREDITED UNIT: DNV GL Business Assurance B.V., Zwolseweg 1, 2994 LB, Barendrecht, Netherlands - TEL: +31(0)102922689. www.dnvgl.com/assurance

