



SKARE Meat Packers K/S

Industrivej Syd 1
6600 Vejen
CVR No. 10551307

Annual report 01.10.2019 - 30.09.2020

The Annual General Meeting adopted the
annual report on 06.04.2021

Bruno Olesen

Chairman of the General Meeting

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Entity details

Entity

SKARE Meat Packers K/S

Industrivej Syd 1

6600 Vejen

CVR No.: 10551307

Registered office: Vejen

Financial year: 01.10.2019 - 30.09.2020

Board of Directors

Bruno Olesen, chairman

Kurt Skare

Claus Juel Jensen

Birgith Dall Skare

Henrik Mikkelsen

Executive Board

Kurt Skare

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SKARE Meat Packers K/S for the financial year 01.10.2019 - 30.09.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2020 and of the results of its operations and cash flows for the financial year 01.10.2019 - 30.09.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Vejen, 06.04.2021

Executive Board

Kurt Skare

Board of Directors

Bruno Olesen
chairman

Kurt Skare

Claus Juel Jensen

Birgith Dall Skare

Henrik Mikkelsen

Independent auditor's report

To the shareholders of SKARE Meat Packers K/S

Opinion

We have audited the financial statements of SKARE Meat Packers K/S for the financial year 01.10.2019 - 30.09.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2020 and of the results of its operations and cash flows for the financial year 01.10.2019 - 30.09.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding circumstances in the financial statements

We draw attention to the information in note 1, which describes that the SKARE Group's short-term liquidity is tight and substantially limited as a result of stockbuilding and investments made within the SKARE Group. The Entity and the SKARE Group's capital resources are dependent on the ability to meet the established budgets, which show improved liquidity for the coming financial year primarily within planned reduction of stocks, agreement of a tax repayment agreement and the continued use of Covid-19 aid packages. In the financial statements, management has assumed that the Group's liquidity is sufficient up to 30.09.2021. We have not found a basis for any other assessment of this.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management

commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Kolding, 06.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen

State Authorised Public Accountant
Identification No (MNE) mne24824

Management commentary

Financial highlights

	2019/20	2018/19	2017/18	2016/17	2015/16
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,029,483	986,162	1,116,329	1,002,103	945,937
Gross profit/loss	171,331	152,041	170,104	149,437	137,258
Operating profit/loss	8,201	(9,714)	4,732	(2,366)	(13,576)
Net financials	(3,262)	(2,955)	(1,586)	(4,602)	(8,031)
Profit/loss for the year	4,939	(12,670)	3,146	(6,968)	(21,607)
Total assets	576,491	559,896	552,866	518,454	503,974
Investments in property, plant and equipment	430	2,827	2,367	18,530	475
Equity	7,850	2,910	15,580	12,433	12,403
Cash flows from (used in) operating activities	8,313	(17,266)	(17,562)	12,639	(9,707)
Cash flows from (used in) investing activities	152	(2,702)	(931)	(18,169)	(153)
Cash flows from (used in) financing activities	(8,862)	19,985	12,105	12,342	33,067
Ratios					
Gross margin (%)	16.64	15.42	15.24	14.91	14.51
EBIT margin (%)	0.80	(0.99)	0.42	(0.24)	(1.44)
Net margin (%)	0.48	(1.28)	0.28	(0.70)	(2.28)
Return on equity (%)	91.80	(137.05)	22.46	(56.11)	(177.0)
Equity ratio (%)	1.36	0.52	2.82	2.40	2.46

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

Gross margin (%):

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

EBIT margin (%):

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

Net margin (%):

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

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The primary activities of the Entity consist in purchasing, processing, cutting and sale of fresh chilled and fresh frozen meat to both wholesalers and end-consumers on the home market and abroad on the global markets.

Development in activities and finances

The Danish, European and global activities of the SKARE Group have been strongly influenced by the pandemic, as all core food service customers have been forced off and closed down several times. This segment demands quality and consistency in large quantities. This is the core competence of the SKARE Group and normally accounts for more than 50% of total revenue. Appropriate compensation for this has been achieved with other products to other segments and much increased exports to the Middle- and Far East.

During the long lasting Covid19 close-down in Denmark and the rest of Europe, the SKARE Group has been adapting and complying with the requests from the communities and the retail trade to ensure the food supplies of daily consumer goods. The SKARE Group has contributed in this process without any kind of economic aid.

This has resulted in an increase of the stocks of certain and expensive cuts, especially suitable for the luxury and dining-out consumption. This stock is expected to be realized soon after the reopening of the communities, so in spite of the fact that the third contamination wave is postponing the possibilities, the progressive vaccination is creating great optimism and a lot of possibilities within short time, and the SKARE Group is ready to exploit and profit with an intact organization.

Profit/loss for the year in relation to expected developments

The profit for the year is a profit of DKK 4.9 million.

Turnover has been increasing, but the domestic and international competition has been intensified.

The profit for the year is satisfactory – taking account of the above factors.

Outlook

At the end of the financial year and after the end of the financial year, the company has entered into a number of new cooperation agreements. As a result, the Entity expects to see increased turnover in the coming financial year and expects to increase earnings accordingly as the global closure ceases.

Particular risks

The Entity's and the SKARE Group's liquidity is currently tight and negative affected by increased inventory build-up related to the Covid-19 situation and investments made in the group (in particular Defco A/S af 2019). Attention is drawn to note 1. Management expects the Entity's and the Group's liquidity is sufficient to ensure continued operation and the financial statements are prepared in anticipation of this.

Sweeping structural changes in retail trade and in distribution as well as current changes in consumer patterns and consumer behaviour will give rise to constant changes in the Entity's market conditions in the future. Through distinctive and serious presence at selected markets and continued product development the Entity's position at the market is expected to be maintained and extended.

Research and development activities

The Entity is continuously developing the product range. The Entity has no systematic research.

Statutory report on corporate social responsibility

Management is aware of its Corporate Social Responsibility and exercises its management accordingly. Thus, CSR guidelines have been prepared for the companies within the SKARE Group based on UN's Global Compact principles which among others include:

- Human rights
- Employee rights
- Environment and sustainability
- Anti-corruption
- Animal welfare
- Food safety

Human rights

The SKARE Group will at any time actively combat and oppose against violation of human rights, both in own companies, but also where the group may be aware of such with trading partners. All companies within the SKARE Group are aware, that human rights must be kept as well as the following focus areas have been defined:

- No breaches on basic human rights are accepted.
- The use of forced labour is not accepted.
- Use of child labour is not accepted.
- Any discrimination based on religion, gender, race or sexual orientation has to be opposed and fought actively.
- Any form of physical or psychological violence has to be prevented and fought.

The SKARE Group employs employees from many countries and thereby different religions and cultures. Systems and policies are implemented ensuring that human rights are kept.

CSR, including the work with human rights, is already well incorporated on the local markets and therefore the work is no longer of great importance. However, in connection with the increased access to markets in third countries the SKARE Group has had particular focus on human rights through dialogue in connection with ongoing cooperation.

Employee rights

The SKARE Group recognizes the individual employee's free right to choose labour union. Recognized labour unions safeguarding the interests of employees according to national applicable rules may at the request of the employees participate in the resolution of conflicts. Any act made by employees - based on the employee's rights of the SKARE Group - can be done without fear of discrimination or reprisal. The SKARE Group exercises this by a.o.t. working for and with:

That national statutory regulations are kept, also by trading partners in the counties in which they operate, respectively. That SKARE Group employees are hired on well-organized wages and terms of employment. That employment is made according to qualifications, including that gender discrimination is not accepted. To prevent occupational injuries or sufferings through progressive approach to improve the company's physical work environment - through investments a.o.t. As follow-up on this, the Company has carried through projects and made investments to reduce heavy

lifts – including installation of automatic pallet and sorting installations.

Environment, climate and sustainability

It is the policy of the SKARE Group to operate its business with great responsibility towards environment and climate.

Legislation in the individual countries is at any time the basis for the standards and conducts worked by in the SKARE Group and which are also expected kept by the trading partners.

The focus areas are:

- Production processes are to consider environment and sustainability, including reduction of impacts on the climate.
- Trading partners must as a minimum meet the environmental legislation of the countries in question.
- Lowest possible consumption of resources and environmental impact.
- Involve and influence the employees of the Company in benefit of the environment.
- The SKARE Group will actively take part in matters that may benefit the environment in the value chain which the SKARE Group is part of.

Measurements have been initiated to evaluate the Company's consumption of water and electricity.

These measurements are followed up to reducing the Company's consumption of resources. In connection with the preparation of the mandatory energy inspection reports, the SKARE Group has had particular focus on this area, although this work showed that the major part of the consumption of resources had been optimized. There has been a particular focus on reducing packing consumption and optimization of byproducts.

Anti-corruption

It is the SKARE Group's requirements to management and employees of the company that the company and trading partners, irrespective of where and by whom both are represented, can not or may not exercise their business by means of bribery or use of facilitation payments – both internally and externally, in private as in public. Any neglect of the anti-corruption policies from affiliated employees or trading partners of the SKARE Group will result in sanctions. Management is not familiar with Management or employees of the Company having been involved in any form of bribery or similar.

Animal welfare

It is the policy of the SKARE Group through demands to suppliers to improve the general animal welfare with the producers delivering animals and raw materials to the company. This is achieved by carrying through current audits with suppliers of the company. Through its activities in the value chain the SKARE Group has assumed an extra responsibility for the animals being delivered to the slaughterhouses of the SKARE Group. The SKARE Group contributes to animal welfare through certification programmes. SKARE Group's Danish cattle slaughterhouse, Aarhus Slagtehus A/S, has in 2018 achieved the internationally recognized SAIGlobal certification.

Food safety

Based on the desire to secure the highest possible food safety the SKARE Group has joined several internationally recognized certifications. The company has worked with and achieved certification according to BRC / Global Standard for Safety certifying, IFS Food certifying, GISTA ZERT Zertifikat/QS and HACCP (Hazard Analysis and Critical Control Points). The latest BRC certification was achieved on 17.12.2020, the latest IFS certification

was achieved on 11.01.2021 and the latest GISTA Zertifikat/QS certification was achieved 01.02.2020.

Statutory report on the underrepresented gender

All SKARE Meat Packers K/S' staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. As a group, we look upon diversity as a strength, and we actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organization.

As with cooperation partners in the business, women are the underrepresented gender in the top management body. The share of women in the Board of Directors is 20%. The Company's target is 25%. Goal achievement is unchanged.

Policies for diversity at other management levels have been prepared, resulting in more women at other management levels.

Events after the balance sheet date

Attention is drawn to note 1. Except this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Revenue	4	1,029,483,066	986,162,111
Changes in inventories of finished goods and work in progress		16,561,808	32,120,695
Costs of raw materials and consumables		(805,031,009)	(795,109,041)
Other external expenses	5	(69,682,671)	(71,132,694)
Gross profit/loss		171,331,194	152,041,071
Staff costs	6	(155,037,606)	(153,047,626)
Depreciation, amortisation and impairment losses	7	(8,092,212)	(8,707,872)
Operating profit/loss		8,201,376	(9,714,427)
Other financial income		2,970	0
Other financial expenses	8	(3,265,060)	(2,955,137)
Profit/loss for the year	9	4,939,286	(12,669,564)

Balance sheet at 30.09.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Other fixtures and fittings, tools and equipment		30,273,967	38,518,167
Property, plant and equipment	10	30,273,967	38,518,167
Fixed assets		30,273,967	38,518,167
Raw materials and consumables		5,677,852	5,640,842
Manufactured goods and goods for resale		215,054,107	198,492,300
Inventories		220,731,959	204,133,142
Trade receivables	11	201,777,665	190,045,531
Receivables from group enterprises		102,573,621	104,992,590
Other receivables		20,151,233	20,673,656
Prepayments	12	503,001	656,500
Receivables		325,005,520	316,368,277
Cash		479,226	876,520
Current assets		546,216,705	521,377,939
Assets		576,490,672	559,896,106

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		11,168,400	11,168,400
Retained earnings		(3,318,761)	(8,258,047)
Equity		7,849,639	2,910,353
Payables to group enterprises		21,535,639	27,223,896
Payables to shareholders and management		125,422,690	125,422,690
Other payables	13	16,311,889	1,355,170
Non-current liabilities other than provisions	14	163,270,218	154,001,756
Current portion of non-current liabilities other than provisions	14	6,422,350	8,206,225
Bank loans		5,509,393	3,042,863
Prepayments received from customers		0	198,877
Trade payables		33,429,281	35,983,232
Payables to group enterprises		294,921,738	287,113,247
Payables to shareholders and management		0	5,185,000
Other payables	15	65,088,053	63,254,553
Current liabilities other than provisions		405,370,815	402,983,997
Liabilities other than provisions		568,641,033	556,985,753
Equity and liabilities		576,490,672	559,896,106
Going concern	1		
Events after the balance sheet date	2		
Uncertainty relating to recognition and measurement	3		
Unrecognised rental and lease commitments	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Non-arm's length related party transactions	20		
Group relations	21		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	11,168,400	(8,258,047)	2,910,353
Profit/loss for the year	0	4,939,286	4,939,286
Equity end of year	11,168,400	(3,318,761)	7,849,639

Cash flow statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Operating profit/loss		8,201,376	(9,714,427)
Amortisation, depreciation and impairment losses		8,092,212	8,707,872
Working capital changes	16	(4,718,612)	(13,304,734)
Cash flow from ordinary operating activities		11,574,976	(14,311,289)
Financial income received		2,970	0
Financial expenses paid		(3,265,060)	(2,955,137)
Cash flows from operating activities		8,312,886	(17,266,426)
Acquisition etc of property, plant and equipment		(429,638)	(2,827,048)
Sale of property, plant and equipment		581,625	124,996
Cash flows from investing activities		151,987	(2,702,052)
Free cash flows generated from operations and investments before financing		8,464,873	(19,968,478)
Loans raised		2,466,530	12,174,086
Repayments of loans etc		(14,084,025)	(7,012,916)
Incurrence of debt to group enterprises		10,256,739	23,086,769
Repayment of debt to group enterprises		(7,501,411)	(8,263,221)
Cash flows from financing activities		(8,862,167)	19,984,718
Increase/decrease in cash and cash equivalents		(397,294)	16,240
Cash and cash equivalents beginning of year		876,520	860,280
Cash and cash equivalents end of year		479,226	876,520
Cash and cash equivalents at year-end are composed of:			
Cash		479,226	876,520
Cash and cash equivalents end of year		479,226	876,520

Notes

1 Going concern

After the balance sheet date Kurt Skare Holding ApS and the SKARE Group have achieved extension of the Group credit facilities.

The Entity's and the SKARE Group's liquidity is currently very tight and negative affected by increased inventory build-up related to the Covid-19 situation in Europe and investments made in the Group (in particular Defco A/S af 2019). Stock-building and investments are financed by short-term debt and drawing on working-capital. This negatively affects the Entity's and the Group's liquidity.

Part of the Group's financing is done by aid-packages and agreements with SKAT on credit of VAT and taxes. The current settlement agreements has expired and at the time for presentation of the financial statements no new agreements has been entered, which gives uncertainty about the liquidity framework. Agreements are expected to be entered in order to ensure the realization of the Group's liquidity budgets.

The budgets up to 30.09.2021 show positive expectations of the Group's results and liquidity. The European markets is expected opening-up in Q3 2021. The budgets display improved liquidity for the coming financial year primarily derived from assumed reduction of stocks and continued utilization and maintenance of Covid-19 aid packages. Management expects the sales opportunities for the Horesta segment are significantly improved as part of re-opening of the markets and on this basis, expects to be able to significantly reduce stocks and improve the Group's liquidity. Management expects the Entity's and the Group's liquidity is sufficient to ensure continued operation and the financial statements are prepared in anticipation of this.

2 Events after the balance sheet date

Attention is drawn to note 1. Except this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

3 Uncertainty relating to recognition and measurement

Receivables from sales and services comprise receivables from non-consolidated sales companies in the SKARE Group. The receivables amount to DKK 126 million at 30 September 2020.

A third-person guarantee has been received. The Group's claims against the non-consolidated sales companies are recognized in the annual accounts at a rate of 100, taking into account the assessment of the guarantor's ability to pay. The assessment of the guarantor's actual ability to pay is subject to uncertainty.

4 Revenue

	2019/20 DKK	2018/19 DKK
Denmark	506,477,305	379,789,787
Other countries	523,005,761	606,372,324
Total revenue by geographical market	1,029,483,066	986,162,111

5 Fees to the auditor appointed by the Annual General Meeting

	2019/20	2018/19
	DKK	DKK
Statutory audit services	275,000	275,000
Other services	247,548	505,619
	522,548	780,619

6 Staff costs

	2019/20	2018/19
	DKK	DKK
Wages and salaries	138,118,857	135,366,941
Pension costs	9,136,962	9,299,293
Other social security costs	5,725,352	6,095,674
Other staff costs	2,056,435	2,285,718
	155,037,606	153,047,626

Average number of full-time employees	360	383
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	Remuneration of management 2019/20 DKK	Remuneration of management 2018/19 DKK
Total amount for management categories	379,518	568,622
	379,518	568,622

7 Depreciation, amortisation and impairment losses

	2019/20	2018/19
	DKK	DKK
Depreciation of property, plant and equipment	8,116,720	8,595,033
Profit/loss from sale of intangible assets and property, plant and equipment	(24,508)	112,839
	8,092,212	8,707,872

8 Other financial expenses

	2019/20	2018/19
	DKK	DKK
Financial expenses from group enterprises	2,178,473	1,782,586
Other interest expenses	423,264	799,727
Other financial expenses	663,323	372,824
	3,265,060	2,955,137

9 Proposed distribution of profit and loss

	2019/20 DKK	2018/19 DKK
Retained earnings	4,939,286	(12,669,564)
	4,939,286	(12,669,564)

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	182,510,103
Additions	429,636
Disposals	(1,907,595)
Cost end of year	181,032,144
Depreciation and impairment losses beginning of year	(143,991,936)
Depreciation for the year	(8,116,720)
Reversal regarding disposals	1,350,479
Depreciation and impairment losses end of year	(150,758,177)
Carrying amount end of year	30,273,967
Recognised assets not owned by entity	27,957,988

11 Trade receivables

Referring to note 3. The receivables against non-consolidated sales companies amounting to DKK 126m are not expected to be fully paid in within the next 12 months.

12 Prepayments

Prepayments consists of prepaid operating expenses, including insurance, subscriptions etc.

13 Other payables

	2019/20 DKK	2018/19 DKK
Holiday pay obligation	16,311,889	1,355,170
	16,311,889	1,355,170

14 Non-current liabilities other than provisions

	Due within 12 months 2019/20 DKK	Due within 12 months 2018/19 DKK	Due after more than 12 months 2019/20 DKK
Payables to group enterprises	6,422,350	8,206,225	21,535,639
Payables to shareholders and management	0	0	125,422,690
Other payables	0	0	16,311,889
	6,422,350	8,206,225	163,270,218

15 Other payables

	2019/20 DKK	2018/19 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	36,407,998	25,881,391
Accrued interest	252,117	0
Derivative financial instruments	0	26,601
Other costs payable	28,427,938	37,346,561
	65,088,053	63,254,553

16 Changes in working capital

	2019/20 DKK	2018/19 DKK
Increase/decrease in inventories	(16,598,817)	(32,636,432)
Increase/decrease in receivables	(11,056,212)	11,251,203
Increase/decrease in trade payables etc	22,936,417	8,080,495
	(4,718,612)	(13,304,734)

17 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	8,909,950	9,084,512

18 Assets charged and collateral

A letter of indemnity worth DKK50m has been issued towards a financial institute to secure bank debt in group companies. The letter of indemnity is secured by way of pledge in inventories and trade receivables (company pledge). Carrying amount is DKK 423m (2018/19: DKK 394m).

Group companies debt to financial institute amounts to DKK 80m (2018/19: DKK 58m).

A negative pledge has been registered concerning pledge of trade receivables.

19 Related parties with controlling interest

SKARE Beef Products ApS, DK-Vejen owns 55% of the units in the Entity, thus exercising control.

SKARE Holding A/S, DK-Vejen owns 100% of the shares in SKARE Beef Products ApS, thus exercising control.

Kurt Skare Holding ApS, DK-Vejen controls 77% of the voting rights in SKARE Holding A/S, thus exercising control.

Kurt Skare, DK-Vejen owns 100% of the shares in Kurt Skare Holding ApS, thus exercising control.

20 Non-arm's length related party transactions

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

21 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kurt Skare Holding ApS, Central Business No 11975089, DK-Vejen.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kurt Skare Holding ApS, Central Business No 11975089, DK-Vejen.

Accounting policies

Reporting class

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

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

However, debt to shareholders amounting to DKK 125m is presented as long term debt based on an assessment of the loan terms. Comparative figures have also been changed.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the

year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	4-13 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.