

Cargill Nordic A/S

Vandtårnsvej 62B
2860 Søborg
Denmark

CVR no. 11 92 10 19

Annual report 2019/20

The annual report was presented and approved at the
Company's annual general meeting on

11 November 2020

Ralf Møller Larsen
chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cargill Nordic A/S for the financial year 1 June 2019 – 31 May 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 June 2019 – 31 May 2020.

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

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

Søborg, 11 November 2020
Executive Board:

Ralf Møller Larsen

Board of Directors:

Tom Henning Karlsson
Chairman

Ludger Georg Te Laak

Vagn Nielsen Lind

Ralf Møller Larsen



Independent auditor's report

To the shareholder of Cargill Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Cargill Nordic A/S for the financial year 1 June 2019 – 31 May 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 June 2019 – 31 May 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and parent company 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 Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Group's and the Parent 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company 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's review.

Copenhagen, 11 November 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Cargill Nordic A/S
Annual report 2019/20
CVR no. 11 92 10 19

Management's review

Company details

Cargill Nordic A/S
Vandtårnsvej 62B
2860 Søborg
Denmark

CVR no.:	11 92 10 19
Established:	6 October 1914
Registered office:	Søborg
Financial year:	1 June – 31 May

Board of Directors

Tom Henning Karlsson, Chairman
Ludger Georg Te Laak
Vagn Nielsen Lind
Ralf Møller Larsen

Executive Board

Ralf Møller Larsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark

Management's review

Financial highlights for the Group

DKK'000	2019/20	2018/19	2017/18	2016/17	2015/16
Key figures					
Revenue	1,346,475	1,577,606	1,451,349	1,441,314	1,371,329
Operating profit/loss	18,739	40,639	18,558	19,288	23,050
Profit/loss for the year	16,095	34,317	13,969	22,544	25,077
Fixed assets	21,737	24,199	22,715	28,452	26,768
Current assets	459,267	441,346	479,594	398,657	432,651
Total assets	481,004	465,545	502,309	427,109	459,419
Contributed capital	29,000	29,000	29,000	29,000	29,000
Equity	408,618	392,619	361,243	348,451	325,789
Current liabilities other than provisions	69,179	70,484	141,066	78,657	133,631
Cash flows from operating activities	-7,388	-5,185	-11,816	-14,244	-9,983
Cash flows from investing activities	7,057	5,579	11,093	9,238	8,389
Cash flows from financing activities	0	0	0	0	0
Total cash flows	-331	394	-723	-5,006	-1,594
Ratios					
Gross margin	2.6%	3.1%	2.4%	1.8%	3.3%
Operating margin	1.4%	1.8%	1.3%	1.3%	1.7%
Return on invested capital	8.3%	8.3%	5.2%	6.0%	7.4%
Return on equity	4.0%	6.6%	5.2%	5.7%	8.0%
Solvency ratio	85.0%	84.3%	75.2%	815.0%	70.9%
Average number of full-time employees	14	15	16	16	24

The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

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

Return on invested capital
$$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

The Group's principal activities

The Group's principal activities consist of importing and marketing maize, wheat and potato-based starch and sweets products. Sale mainly takes place on the Nordic markets. The principal buyers of the products are the paper and food ingredient industries as well as the feed and protein industries.

Development in activities and financial position

Profit/loss for the year

The company's total sales volume decreased by almost 8% compared to previous years. At the same we faced decreased prices in the Feed market, which caused an overall revenue decrease of more than 14% compared to last year. Furthermore, FY 2018/19 includes an adjustment of DKK 12 million, cf. section accounting policy. These are the primary reasons that the net result decreases from DKK 34 million in FY 2018/19 to DKK 16 million in FY 2019/20.

The earnings from the Company's joint venture, Cargill-AKV I/S, ended with DKK 4,691 thousand compared to DKK 7,153 thousand last year. The decrease is primarily explained by a decrease in revenue in the Joint venture.

Events after the balance sheet date

No events have occurred after the balance sheet date that may affect the assessment of this annual report.

Outlook

The Management expects a profit for the financial year 2020/2021 in line with the profit for 2019/2020.

Particular risks

General risks

The Company is obligated to cover any solvency problems in Cerestar Scandinavia's pension fund which could occur as a result of the uncontrollable dynamic financial market conditions.

Apart from this, the Company has no particular risks other than usual business risks within its line of principal activities.

Currency risks

The company is hedging all currency risks, both balance sheet exposure and contract obligations.

Climate impact

We have carefully assessed the need for implementing specific policies for our climate impact, however being a company present in the Nordics, with little impact to the climate and where climate legislation are already imposed upon us through ambitious and comprehensive legislation, hence we see no need to further implement an individual company specific policy.

Management's review

Operating review

Environmental matters

We have carefully assessed the need for implementing specific policies for environmental matters, however being a company present in the Nordics, with little impact to our direct environment we see no need to further implement an individual company specific policy.

Human rights

We have carefully assessed the need for implementing specific policies for human rights, however being a company present in the Nordics, with little impact to human rights and where human rights legislation are already imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Anti-corruption

We have carefully assessed the need for implementing specific policies for anti-corruption area. Being a company present in the Nordics, where this area is already strongly imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Social and staff matters

We have carefully assessed the need for implementing specific policies for our social and staff matters, however being a company present in Denmark where legislation on the same matters are already imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Target and policy for increasing the share of women in the Board of Directors and Management of Cargill Nordic A/S

The Company has less than 50 employees and is exempted for preparing a policy for the underrepresented gender at other levels than Management.

In 2015, the Board of Directors determined a target for the share of female members of the Board stating that 1 out of three members should be female in 2020. In 2019/20, the target was not achieved and the Board of Directors still consists of 4 male members. Considering the continuity of the Board, the Company aims to achieve the target before 2023.

Due to the unique Cargill Group board structure where the board members are employees of other group entities, it has been a challenge to mark progress in regards to our own underrepresented gender target for the Board. However, we remain committed to achieving the set target that one out of three members should be female in 2023.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Income statement

DKK'000	Note	Group		Parent Company	
		2019/20	2018/19	2019/20	2018/19
Revenue	2	1,346,475	1,577,606	1,346,475	1,577,606
Cost of sales		-1,300,517	-1,519,128	-1,308,241	-1,526,038
Other external costs		-11,008	1,915	-19,498	-6,351
Gross profit		34,950	60,393	18,736	45,217
Staff costs	3	-16,211	-19,597	-8,188	-11,818
Depreciation		0	-157	0	-85
Operating profit		18,739	40,639	10,548	33,314
Income from investments in subsidiaries	4	0	0	6,383	5,719
Income from investments in associates	4	4,691	7,153	4,691	7,153
Financial income		1	0	1	0
Financial expenses	5	-3,526	-6,516	-3,309	-6,370
Profit before tax		19,905	41,276	18,314	39,816
Tax on profit for the year	6	-3,810	-6,959	-2,219	-5,499
Share of profit for the year	7	16,095	34,317	16,095	34,317

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	Group		Parent Company	
		31/5 2020	31/5 2019	31/5 2020	31/5 2019
ASSETS					
Fixed assets					
Investments					
	4				
Equity investments in group entities		0	0	45,812	39,525
Investments in associates		21,627	24,089	21,627	24,089
Deposits		110	110	110	110
		<u>21,737</u>	<u>24,199</u>	<u>67,549</u>	<u>63,724</u>
Total fixed assets		<u>21,737</u>	<u>24,199</u>	<u>67,549</u>	<u>63,724</u>
Current assets					
Inventories					
Finished goods and goods for resale		<u>15,696</u>	<u>12,190</u>	<u>15,696</u>	<u>12,190</u>
Receivables					
Trade receivables		260,340	184,242	260,340	184,242
Receivables from group entities		181,506	242,562	135,667	200,475
Other receivables		416	1,198	90	757
Corporation tax		0	128	0	128
Prepayments		747	133	726	80
		<u>443,009</u>	<u>428,263</u>	<u>396,823</u>	<u>385,682</u>
Cash at bank and in hand		<u>562</u>	<u>893</u>	<u>425</u>	<u>844</u>
Total current assets		<u>459,267</u>	<u>441,346</u>	<u>412,944</u>	<u>398,716</u>
TOTAL ASSETS		<u><u>481,004</u></u>	<u><u>465,545</u></u>	<u><u>480,493</u></u>	<u><u>462,440</u></u>

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	Group		Parent Company	
		31/5 2020	31/5 2019	31/5 2020	31/5 2019
EQUITY AND LIABILITIES					
Equity					
Contributed capital	9	29,000	29,000	29,000	29,000
Reserve for net revaluation under equity method		16,621	19,083	62,373	58,548
Retained earnings		<u>362,997</u>	<u>344,536</u>	<u>317,245</u>	<u>305,071</u>
Total equity		<u>408,618</u>	<u>392,619</u>	<u>408,618</u>	<u>392,619</u>
Provisions					
Provisions for deferred tax		<u>3,207</u>	<u>2,442</u>	<u>3,207</u>	<u>2,442</u>
Total provisions		<u>3,207</u>	<u>2,442</u>	<u>3,207</u>	<u>2,442</u>
Liabilities other than provisions					
Current liabilities other than provisions					
Trade payables		6,102	19,494	6,093	19,447
Payables to group entities		43,897	40,311	44,959	38,678
Corporation tax		1,419	2,131	1,419	2,131
Other payables		<u>17,761</u>	<u>8,548</u>	<u>16,197</u>	<u>7,123</u>
		<u>69,179</u>	<u>70,484</u>	<u>68,668</u>	<u>67,379</u>
Total liabilities other than provisions		<u>69,179</u>	<u>70,484</u>	<u>68,668</u>	<u>67,379</u>
TOTAL EQUITY AND LIABILITIES		<u>481,004</u>	<u>465,545</u>	<u>480,493</u>	<u>462,440</u>
Fees to auditor appointed at the general meeting					
	10				
Contractual obligations, contingencies, etc.					
	11				
Related party disclosures					
	12				

Consolidated financial statements and parent company financial statements 1 June – 31 May

Statement of changes in equity

DKK'000	Group			
	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2018	29,000	17,509	311,793	358,302
Transferred over the profit appropriation	0	7,153	27,164	34,317
Distributed dividends from investments in associates	0	-5,579	5,579	0
Equity at 1 June 2019	29,000	19,083	344,536	392,619
Exchange adjustment	0	0	-96	-96
Transferred over the profit appropriation	0	4,691	11,404	16,095
Distributed dividends from investments in associates	0	-7,153	7,153	0
Equity at 31 May 2020	29,000	16,621	362,997	408,618

DKK'000	Parent Company			
	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2018	29,000	51,268	278,034	358,302
Transferred over the profit appropriation	0	12,859	21,458	34,317
Distributed dividends from investments in associates	0	-5,579	5,579	0
Equity at 1 June 2019	29,000	58,548	305,071	392,619
Exchange adjustment	0	-96	0	-96
Transferred over the profit appropriation	0	11,074	5,021	16,095
Distributed dividends from investments in associates	0	-7,153	7,153	0
Equity at 31 May 2020	29,000	62,373	317,245	408,618

Consolidated financial statements and parent company financial statements 1 June – 31 May

Cash flow statement

DKK'000	Note	Group	
		2019/20	2018/19
Profit for the year		16,095	34,317
Depreciation, amortisation and impairment losses		0	157
Other adjustments	13	-881	-7,083
Cash flows from operations before changes in working capital		15,214	27,391
Changes in working capital	14	-19,557	-28,824
Cash flows from ordinary activities		-4,343	-1,433
Corporation tax paid		-3,045	-3,752
Cash flows from operating activities		-7,388	-5,185
Dividends received		7,153	5,579
Exchange adjustment on capital		-96	0
Cash flows from investing activities		7,057	5,579
Cash flows for the year		-331	394
Cash and cash equivalents at the beginning of the year		893	499
Cash and cash equivalents at year end		562	893

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of Cargill Nordic A/S for 2019/20 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and parent company financial statements are consistent with those of last year.

Changes regarding previous years

An error regarding cost accrual has been identified regarding FY 2018/19 and the comparison figures have been changed with the following:

Other external costs have been reduced with DKK 12,044 thousand and tax expenses has been increased with DKK 2,651 thousand.

Reporting currency

The 2019/20 financial statements are prepared on the basis of DKK where the financial statements for 2018/19 were prepared on the basis of EUR.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries which directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Foreign currency translation

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

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

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Euro at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

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

Cost of product sold

Cost of products sold is recognised in the income statement if delivery has taken place. The cost of products sold comprises the cost of goods for resale stated at cost, including freight, used to generate revenue.

Other external costs

Other external costs comprises costs for sales, supply chain, marketing, administration, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from equity investments in group entities and associates

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

The proportionate share of the individual associates' profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Equity investments in group entities and associates

Equity investments in group entities and associates are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities and associates with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities and associates is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report are not tied up in the revaluation reserve.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of equity investments in group entities and associates is subject to an annual test for indications of impairment.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements 1 June – 31 May

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1 Accounting policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

Consolidated financial statements and parent company financial statements 1 June – 31 May

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DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
2 Segment information				
Industrial	552,910	543,244	552,910	543,244
Food	339,935	377,362	339,935	377,362
Feed	453,630	657,000	453,630	657,000
	<u>1,346,475</u>	<u>1,577,606</u>	<u>1,346,475</u>	<u>1,577,606</u>
3 Staff costs				
Wages and salaries	13,143	15,633	6,537	9,380
Pensions	2,633	3,140	1,499	1,846
Other social security costs	435	824	152	592
	<u>16,211</u>	<u>19,597</u>	<u>8,188</u>	<u>11,818</u>
Average number of full-time employees	<u>14</u>	<u>15</u>	<u>8</u>	<u>9</u>

Pursuant to section 98 B(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has not been disclosed.

Consolidated financial statements and parent company financial statements 1 June – 31 May

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4 Investments

	<u>Group</u>
DKK'000	Investments in associates
Cost at 1 June 2019	<u>5,006</u>
Cost at 31 May 2020	<u>5,006</u>
Revaluations at 1 June 2019	19,083
Net profit/loss for the year	4,691
Dividend	<u>-7,153</u>
Revaluations 31 May 2020	<u>16,621</u>
Carrying amount at 31 May 2020	<u>21,627</u>

	<u>Parent Company</u>	
DKK'000	Equity investments in group entities	Investments in associates
Cost at 1 June 2019	<u>60</u>	<u>5,006</u>
Cost at 31 May 2020	<u>60</u>	<u>5,006</u>
Revaluations at 1 June 2019	39,465	19,083
Exchange adjustment	-96	0
Net profit/loss for the year	6,383	4,691
Dividend	<u>0</u>	<u>-7,153</u>
Revaluations 31 May 2020	<u>45,752</u>	<u>16,621</u>
Carrying amount at 31 May 2020	<u>45,812</u>	<u>21,627</u>

Name/legal form	<u>Registered office</u>	<u>Voting rights and ownership interest</u>	<u>Equity</u>	<u>Profit/loss for the year</u>
			DKK'000	DKK'000
Subsidiaries:				
Cargill Nordic Oy	Finland	100%	<u>45,812</u>	<u>6,383</u>
			<u>45,812</u>	<u>6,383</u>
Associates:				
Cargill-AKV I/S	Denmark	50%	<u>43,254</u>	<u>9,382</u>
			<u>43,254</u>	<u>9,382</u>

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

5 Financial expenses

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
DKK'000				
Interest expense to group entities	2,283	5,818	2,072	5,677
Other financial costs	44	56	38	51
Exchange losses	1,199	642	1,199	642
	<u>3,526</u>	<u>6,516</u>	<u>3,309</u>	<u>6,370</u>

6 Tax on profit/loss for the year

Current tax	3,045	3,921	1,454	2,461
Deferred tax	765	3,038	765	3,038
	<u>3,810</u>	<u>6,959</u>	<u>2,219</u>	<u>5,499</u>

7 Proposed profit appropriation

Reserve for net revaluation under equity method	4,691	7,153	11,074	12,859
Retained earnings	11,404	27,164	5,021	21,458
	<u>16,095</u>	<u>34,317</u>	<u>16,095</u>	<u>34,317</u>

8 Deferred tax

	Group		Parent Company	
	31/5 2020	31/5 2019	31/5 2020	31/5 2019
DKK'000				
Deferred tax at 1 June	2,442	-596	2,442	-596
Deferred tax adjustment for the year in the income statement	765	3,038	765	3,038
	<u>3,207</u>	<u>2,442</u>	<u>3,207</u>	<u>2,442</u>
Deferred tax relate to:				
Property, plant and equipment	-3,034	-2,666	-3,034	-2,666
Current assets	-217	-119	-217	-119
Provisions	44	343	44	343
	<u>-3,207</u>	<u>-2,442</u>	<u>-3,207</u>	<u>-2,442</u>

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9 Equity

The share capital consists of two shares of a nominal value of DKK 1,000,000 each, one share of a nominal value of DKK 20,000,000 and one share of a nominal value of DKK 7,000,000. The shares have not been divided into classes.

All shares rank equally.

10 Fees to auditor appointed at the general meeting

DKK'000	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
Statutory audit	320	313	290	283
Tax assistance	59	60	59	60
Non-audit services	45	45	45	45
	<u>424</u>	<u>418</u>	<u>394</u>	<u>388</u>

11 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the Danish entities of the Cargill Group with Cargill Nordic A/S as the administrative company. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

The Company is obligated to cover any unfunded pension liabilities in Cargill Nordic's pension fund. The equity in the pension fund is positive 31 May 2020 and no unfunded liability exist or is expected as at 31 May 2020. The risk of funding depends on future mortality - and disability factors and the financial performance of the pension fund which could change.

The Company has, through the joint-venture Cargill-AKV I/S, entered into a pro rata loan liability of 50% for a loan totalling DKK 130 million.

Operating lease obligations

The Company has entered into a lease agreement for premises with a total lease payment of DKK 121 thousand.

The Company has entered into car leases at a total amount of DKK 402 thousand.

The Group has entered into a lease agreement for premises with a total lease payment of DKK 243 thousand.

The Group has entered into car leases at a total amount of DKK 744 thousand.

Consolidated financial statements and parent company financial statements 1 June – 31 May

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12 Related party disclosures

Cargill Nordic A/S' related parties comprise the following:

Control

Cerestar Deutschland Holding GmbH, Cerestarstrasse 2, D-47747 Krefeld, Germany

Related party transactions

	Group
	<u>2019/20</u>
DKK'000	
Sales of goods	248,579
Sales of services	3,094
Purchase of goods	984,707
Purchase of services	14,829
Financing expenditure	1,842
Commission income	7,610
Commission expenditure	17,510

Dividends are disclosed under other notes and disclosures in the consolidated financial statements.

Consolidated financial statements

Cargill Nordic A/S is part of the consolidated financial statements of Cargill Incorporated, Minneapolis, MN-55400, Minnesota, USA, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Cargill Incorporated can be obtained by contacting the Company.

	Group	
DKK'000	<u>2019/20</u>	<u>2018/19</u>
13 Other adjustments		
Tax on profit for the year	3,810	6,959
Other	-4,691	-14,042
	<u>-881</u>	<u>-7,083</u>
14 Changes in working capital		
Change in inventories	-3,506	-1,795
Change in receivables	-14,746	43,448
Change in trade and other payables	-1,305	-70,477
	<u>-19,557</u>	<u>-28,824</u>