

## **System Frugt A/S**

Blomstervej 8

8381 Tilst

Central Business Registration No

13473498

## **Annual report 2018**

The Annual General Meeting adopted the annual report on 12.03.2019

### **Chairman of the General Meeting**

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Name: Flemming Ib Windfeld

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## Entity details

### Entity

System Frugt A/S  
Blomstervej 8  
DK-8381 Tilst

Central Business Registration No (CVR): 13473498

Founded: 18.12.1989

Registered in: Aarhus, Denmark

Financial year: 01.10.2018 - 31.12.2018

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### Board of Directors

Michael Zøhner-Pedersen, Chairman

Jacob Østergaard Bergenholtz

Esben Bay Jørgensen

Jørgen Peter Danielsen

### Executive Board

Flemming Ib Windfeld, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

DK-8000 Aarhus C

## Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of System Frugt A/S for the financial year 1 October 2018 - 31 December 2018.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018 and of the results of their operations and cash flows for the financial year 1 October 2018 - 31 December 2018.

In our opinion, the management commentary contains a fair review of the development of the Entity's business and financial matters, the results for the year and the financial position, together with a description of the principal risks and uncertainties that the Entity faces.

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

Aarhus, 12.03.2019

### Executive Board

Flemming Ib Windfeld  
CEO

### Board of Directors

Michael Zøhner-Pedersen  
Chairman

Jacob Østergaard Bergenholtz

Esben Bay Jørgensen

Jørgen Peter Danielsen

## Independent auditor's report

### To the shareholders of System Frugt A/S

#### Opinion

We have audited the financial statements of System Frugt A/S for the financial year 1 October 2018 - 31 December 2018, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Entity. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2018, and of the results of their operations and cash flows for the financial year 1 October 2018 - 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

#### Basis for opinion

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

#### 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.

## Independent auditor's report

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.

### 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 International Financial Reporting Standards as adopted by the EU and additional requirements of 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 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 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.

## Independent auditor's report

- 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.

Aarhus, 12.03.2019

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556

Jacob Nørmark  
State-Authorised Public Accountant  
Identification No (MNE): mne30176

## Management commentary

	<b>2018</b> <b>DKK´000</b>	<b>2017/18</b> <b>DKK´000</b>	<b>2016/17</b> <b>DKK´000</b>
<b>Key figures</b>			
Revenue	170,795	488,281	486,595
Gross profit/loss	21,203	57,465	65,436
Operating profit/loss	5,923	(5,624)	(9,402)
Net financials	(3,881)	(10,416)	(11,259)
Profit/loss for the year	2,194	(35,725)	(32,709)
Total assets	279,406	311,285	310,854
Investments in property, plant and equipment	1,534	15,747	5,307
Equity	137,827	102,218	49,858
Cash flows from (used in) operating activities	(5,383)	25,401	3,597
Cash flows from (used in) investing activities	(1,269)	(10,477)	(9,835)
Cash flows from (used in) financing activities	28,491	(18,535)	5,238
Average number of employees	131	131	137
<b>Ratios</b>			
Gross margin (%)	12.41	11.77	13.45
Net margin (%)	1.28	(7.32)	(7.00)
Return on equity (%)	1.83	(46.98)	(51.96)
Equity ratio (%)	49.33	32.84	16.04
Revenue per employee DKK´000	1,304	3,727	3,552

Key figures are only disclosed for the years 2016/17 and 2017/18 as a result of the merger between System Frugt A/S and System Frugt Holding A/S with System Frugt A/S as the continuing company. At the end of 2017/18 Management decided to present financial statements according to IFRS (International Financial Reporting Standards).

Key figures for 2018 are not directly comparable with previous years, as these include the period 01.10.2018 to 31.12.2018.

*Financial highlights are defined and calculated in accordance with current "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.*

<b>Ratios</b>	<b>Calculation formulas</b>	<b>Ratios</b>
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity



## Management commentary

### Primary activities

System Frugt A/S is the parent company in the System Frugt Group. The primary activities comprise:

- Develop, source, pack and supply the Nordic and Dutch markets with naturally healthy consumer products based on dried fruits, nuts, seeds, pulses, natural snacks and fresh specialties.
- Our products are marketed under the brand "Earth Control" and our customers' own labels.

System Frugt A/S consists of the following companies (the Group):

- System Frugt A/S, Denmark
- System Frugt AB, Sweden
- System Frugt Oy AB, Finland

### Development in activities and finances

Focus on developing the Earth Control brand has continued in the past period. The brand gets a stronger and stronger foothold in the retail markets in the Nordic countries. This focus on creating the first choice among consumers in natural dried products is the main driver behind the Earth Control brand. Fresh Fruit has stabilised, however at a significantly lower level – but also here focus is on developing the core products and growing on a profitable base.

In the previous financial year, it was decided to discontinue part of the operations of System Frugt. The impact thereof is seen in the costs for the current reporting period.

The financial period covers the high season and therefore constitutes a relatively high share of an annual business. Total revenue for the period ended at DKK 170,795k (2017/18: DKK 488,281k).

Gross margin is realised at 12.4% which is 0.6% point above last year. The increase reflects the growing share of branded business and the focusing of System Frugt.

Fixed costs of administration and distribution are realised at DKK 15,280k and reflect the reductions from discontinued operations and redundancies made in the past. The average number of employees is 131 unchanged compared to last year.

Operating profit for the period is realised at DKK 5,923k (2017/18: DKK -5,624k). This reflects the significant changes made during the past year and also the fact that the current reporting period is the high season.

Profit after tax for the period amounts to DKK 2,194k (2017/18 DKK -24,143k). In the period there are no losses from discontinued operations (2017/18: profit of DKK -11,582k), which brings the total profit for the period to DKK 2,194k (2017/18: DKK -35,725k).

The financial performance for the period is considered satisfying.

## Management commentary

### Change of financial year

System Frugt has decided to change the financial year to follow the calendar year. This implies that the presented financial statements cover the three-month period from 1 October to 31 December. In accordance with the Danish Financial Statements Act, comparative figures are not restated and therefore represent 12-month periods.

### Investments

In the financial year, investments amounted to DKK 1,534k (2017/18: DKK 15,747k). The main investment was in IT infrastructure, production equipment and software.

### Financial resources

The equity ratio is 49.33% (2017/18: 32.84%), equivalent to equity at 31 December 2018 of DKK 137,827k (30 September 2018: DKK 102,218k).

### Particular risks

#### Price risks:

The Entity's most significant operating risk relates to the development in raw material prices and the possibility of passing on increases to sales prices. The Company has well-developed policies and procedures to reduce these price risks.

#### Exchange rate risks:

A considerable part of the Company's purchase is made in USD, which results in a risk of exchange rate fluctuations and a derived impact on financial performance, equity and cash flows. It is the Company's policy to hedge these commercial foreign exchange risks mainly by using forward exchange contracts or options.

### Outlook

Revenue is expected to stabilize at a slightly lower level than the past 12 months, mainly due to Fresh Fruit. Gross margins are expected to improve compared to last year leading to a better profitability. Fixed costs are expected to stabilize. As a whole, financial performance is expected to significantly improve leaving a net result in the positive level of breakeven. This will be a significant improvement compared to current year reflecting the new structure and focusing of the business.

### Intellectual capital resources

System Frugt A/S is BRC-certified and has implemented a well-functioning quality control system, which is developed on a regular basis. Moreover, the Company has built considerable knowledge about the individual products and their sourcing.

### Environmental performance

The Company does not run any business resulting in dangerous or special impacts on the external environment. It is environmentally conscious and seeks to reduce the environmental impacts from operations.

## Management commentary

### Research and development activities

System Frugt A/S constantly focuses on improving the quality of products and efficiency of marketing and production facilities. This will be within the current product portfolio.

### Statement on Corporate Social Responsibility, cf. the Financial Statements Act §99a

In our daily operations, we focus on acting responsibly towards our surrounding society and the environment.

### Business model and strategy

System Frugt A/S is the parent company in the System Frugt Group. The primary activities comprise:

- Develop, source, pack and supply the Nordic and Dutch market with naturally healthy consumer products based on dried fruits, nuts, seeds, pulses, natural snacks and fresh specialties.
- Our products are marketed under the brand "Earth Control" and our customers own labels.
- System Frugt sources natural foods from all over the World.

Our wide range of natural products is sourced from all over the world in areas where the climate ensure products of the highest quality. Our products are grown by a variety of farms, from small family farms to bigger and more commercial operations. We work directly with farmers, local companies and local trusted traders of produce to ensure that we bring high quality products to our customers and consumers.

Global sourcing is an unavoidable term when it comes to nuts and dried fruits, as very few natural products in this category can be grown locally in Denmark. This results in a complex supply chain for us to handle, but we put a lot of effort into continuously improving how we work in order to become an even more responsible supplier day by day.

We are a member of the **UN Global Compact** that sets a structured, high standard for worldwide CSR. To promote the UN Global Compact, we have joined the **BSCI Code of Conduct** – a practical set of principles and values referring to the UN Global Compact conventions to improve working conditions in the supply chain. By joining BSCI, we have committed ourselves to promote the **11 principles of the Code of Conduct** in our supply chain.

1. The Rights of Freedom of Association and Collective Bargaining.
2. No Discrimination
3. Fair Remuneration
4. Decent Working Hours
5. Occupational Health and Safety

## Management commentary

6. No Child Labor
7. Special Protection for Young Workers
8. No Precarious Employment
9. No Bonded Labor
10. Protection of the Environment
11. Ethical Business

### People – human rights, employee and social matters

We employ people directly and indirectly in every link of our supply chain all over the world. Naturally, there can be a risk to ensure that employees have the same working conditions all over the world and that human rights are respected, but we encourage and guide our suppliers to look after their employees in accordance with the Global Compact and BSCI principles.

#### Internally at System Frugt

At System Frugt in Denmark, we are proud of our highly dedicated employees, who come from a large variety of different backgrounds. We constantly work to improve the work environment in all of our departments. Among other things, we receive staff feedback *every day* to ensure a positive environment with focus on safety and well-being. The evaluation uses a colored ballistic system to ensure that there is feedback given for the respective employees. In addition, System Frugt has held development talks with 75% of the employees during the last year. We also have a dedicated internal "Safety Team" working proactively to prevent work accidents. In addition, we have a long-term partnership with the social enterprise [Borup Pakkeri](#) for special packaging tasks, and we take responsibility in integrating refugees into Danish society by offering internships and education.

System Frugt is not aware of any breaches of human rights in System Frugt in 2018. We believe that our continuous focus on working conditions have contributed to a sustained high level in this field.

#### Supply chain and external relations

By sourcing our products locally at small farms, we bring an economic incentive to the local farming enterprises in many developing countries. A local farmer growing their business allows for economic and technical development, while improving living and working conditions for employees and suppliers as well.

We constantly guide and encourage our suppliers to improve themselves in order to become more responsible. For instance, we always ask suppliers to sign the BSCI Code of Conduct when we enter into a partnership with them. We dedicate resources in our Quality and Sourcing departments to visit our suppliers on a scheduled regular basis in order to monitor and test the quality of our products.

## Management commentary

During 2018 System Frugt has guided additional suppliers to join the BSCI principles, which is in line with our policy on responsible sourcing. We have hereby contributed to a high level of protection of human and labor rights and conditions in our supply chain, of which we are proud. People play a central role in System Frugt and in the future the work with BSCI at suppliers will continue.

### Environment and climate

Nature is our most important supplier, and we should leave it in a better state than we found it. We recognize that there may be a risk of impacting the environment and climate in a negative way through our ecological footprint. We are continuously taking steps to reduce our footprint. Among other things, we work with environmentally friendly initiatives such as changing to energy-saving lighting and compressors, only using RSPO-certified palm oil, reducing transport of products as well as reducing packaging material.

We also encourage consumers to ENJOY NATURALLY by promoting a greener lifestyle with natural foods such as nuts, dried fruits and greens as their main source of nutrition. Green and vegetable-based food is more environmentally friendly as it creates far less CO2 emissions than many other traditional food sources.

One of our initiatives within this area is a business sponsorship agreement with the World Wildlife Fund, WWF. The reason for this initiative is that our products are primarily sourced from raw materials found in nature across the world – raw materials that need nature's scarce resources to be maintained. Hereby, we too want to contribute to WWF's nature conservation programs to help ensure long-term sustainability. During 2018 we sponsored WWF from our Earth Control® product campaigns, which were launched during the summer in Finland and Denmark. Furthermore, we have adopted focus areas from WWF into our own audit checklist to bring this focus to our suppliers.

From 1 January 2015, we ceased using palm oil direct in our products, converting to the use of the less environmentally harmful sunflower oil. Other products continuing to rely on palm oil have switched to 100% RSPO-certified palm oil.

During 2018 we have continued the focus on environment and climate protection and has decided to shift to green electricity from 2019. In this connection, we have reduced our electricity consumption by 25% since 2017 and we have also replaced all product containers with FSC.

### Ethical Business and anti-corruption

Sourcing globally entails dealing with ethical business issues. It is challenging to ensure that all our conditions relating to labor rights, human rights, environment and anti-corruption are met by our suppliers, but we are definitely on the right track thanks to our work with the BSCI Code of Conduct. When operating a global business, there can be a risk that employees or business partners become exposed to or involved in corruption. To mitigate this risk System Frugt operates a zero-tolerance policy for fraud and adulteration.

Internally, System Frugt has strict rules on the maximum value of gifts an employee can receive and give. The levels for gifts are specified in the employee handbook.

## Management commentary

Externally, we perform risk assessments of suppliers and external relations. The assessment includes all raw material groups and includes assessment of the following areas: Simplicity/complexity of adulteration/substitution, detection, historical evidence, origin of raw material and corruption risk, control systems for detection of fraud, internal control of raw material and internal personnel ideologically motivated fraud.

We are not aware of any breaches regarding corruption in System Frugt in 2018.

If you want to know more about our sustainability efforts, please refer to:

[https://systemfrugt.dk/media/1523/communication\\_on\\_progress\\_cop\\_2018.pdf](https://systemfrugt.dk/media/1523/communication_on_progress_cop_2018.pdf)

<https://systemfrugt.dk/media/1492/we-care-share.pdf>

### **Statement on gender diversity in management bodies, cf. the Financial Statements Act §99b**

In accordance with the Financial Statements Act §99b, System Frugt A/S has drawn up a policy for gender diversity in the management bodies of the Company with the aim to ensure more female representatives on both the Board of Directors and at other management levels of the organization.

The ambition of the Company is to have one of the seats on the Board of Directors held by women. This is reduced from a target of two in the past, due to a reduction of the members of the Board from 5 to 4. The target share of female members is thus increased from 20% in past to 25% going forward and should be achieved within the coming five years. Currently there is no female members of the Board compared to one last year. This should be seen in the light that the number of Board members have been reduced. Last year the ratio was one of five (20%) women compared no zero of 4 this year. Recruiting of Board members is based on skills before gender, but the aim is still to have female members in the future. There has been no changes in the board since the Annual Report 2017/18.

The top management of the Company consists of five members, all male. The Extended Management Group consist of 28 members including the top management. Currently, there are 12 female members of the Extended Management Group. The Company has implemented a policy for ensuring more women in management positions at System Frugt A/S, however progress is dependent on changes and replacements taking place in top management. In 2018 there has not been any changes in the gender composition of the top management, so the initiated activities for diversity in the top management have not yet been successful. The process of recruiting female members in top management positions has already been initiated through internal as well as external recruitment, where relevant candidates of each gender should be considered for management positions.

### **Events after the balance sheet date**

After the balance sheet date, there has been a change in the Board of Directors, as the Chairman is changed and an additional member is appointed.

## Income statement for 2018

	Notes	2018 DKK'000	2017/18 DKK'000
<b>Continuing operations</b>			
Revenue	2	170,795	488,281
Production costs	3,5,7	(149,592)	(430,816)
<b>Gross profit/loss</b>		<b>21,203</b>	<b>57,465</b>
Distribution costs	3,7	(10,523)	(46,248)
Administrative expenses	3,6,7	(4,757)	(17,012)
Other operating income	8	0	171
<b>Operating profit/loss</b>		<b>5,923</b>	<b>(5,624)</b>
Income from investments in group enterprises		152	(8,373)
Other financial income	9	12	68
Other financial expenses	10	(3,893)	(10,214)
<b>Profit/loss before tax</b>		<b>2,194</b>	<b>(24,143)</b>
Tax on profit/loss for the year	11	0	0
<b>Profit/loss from continuing operations</b>		<b>2,194</b>	<b>(24,143)</b>
<b>Profit/loss from discontinued operations</b>	4	0	<b>(11,582)</b>
<b>Profit/loss for the year</b>	12	<b>2,194</b>	<b>(35,725)</b>
Attributable to:			
Shareholders of System Frugt A/S		2,194	(35,725)
		<b>2,194</b>	<b>(35,725)</b>
<b>Other comprehensive income</b>			
<b>Profit for the year</b>		<b>2,194</b>	<b>(35,725)</b>
<b>Other comprehensive income</b>			
<b>Items that can be reclassified to the income statement when certain conditions are met:</b>			
Exchange differences on translating foreign operations		9	315
Fair value adjustments of financial instruments entered into			
Hedge future cash flows		(909)	6,671
Tax relating to financial instruments	17	200	(1,468)
<b>Total comprehensive income</b>		<b>1,494</b>	<b>(30,207)</b>
Attributable to:			
Shareholders of System Frugt A/S		(700)	5,518
		<b>1,494</b>	<b>(30,207)</b>

## Cash flow statement for 2018

<u>Notes</u>	<b>2018 DKK'000</b>	<b>2017/18 DKK'000</b>
Operating profit/loss	5,923	(5,624)
Amortisation, depreciation and impairment losses	2,522	9,677
Profit from discontinued operations	0	(11,582)
Increase/decrease in receivables	(3,355)	10,489
Increase/decrease in trade payables etc.	(40,181)	37,429
Increase/decrease in inventories	33,772	(4,842)
<b>Cash flows from ordinary operating activities</b>	<b>(1,319)</b>	<b>35,547</b>
Financial income received	12	68
Financial expenses paid	(3,893)	(10,214)
Income taxes refunded/(paid) including withholding tax	(183)	0
<b>Cash flows from operating activities</b>	<b>(5,383)</b>	<b>25,401</b>
Acquisition etc of intangible assets	0	(664)
Sale of intangible assets	0	0
Acquisition etc of property, plant and equipment	(1,269)	(10,196)
Sale of property, plant and equipment	0	383
Disposal of enterprises	0	0
Other investments	0	0
<b>Cash flows from investing activities</b>	<b>(1,269)</b>	<b>(10,477)</b>
Loans raised	5,000	10,000
Repayments of loans etc	0	(30,000)
Cash increase of capital	23,790	0
Incurrence of debt to group enterprises	0	1,739
Repayment of debt to group enterprises	0	0
Repayment of lease debt	(299)	(274)
<b>Cash flows from financing activities</b>	<b>28,491</b>	<b>(18,535)</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>21,839</b>	<b>(3,611)</b>
Cash and cash equivalents beginning of year	(44,923)	(41,312)
<b>Cash and cash equivalents end of year</b>	<b>(23,084)</b>	<b>(44,923)</b>
Cash and cash equivalents at year-end are composed of:		
Cash	2,109	13
Short-term debt to banks	(25,193)	(44,936)
<b>Cash and cash equivalents end of year</b>	<b>(23,084)</b>	<b>(44,923)</b>



## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017/18 DKK'000</u>	<u>1 Oct. 2017 DKK'000</u>
Acquired trademarks		1,575	1,671	1,259
Goodwill	13,16	<u>147,648</u>	<u>147,648</u>	<u>147,648</u>
<b>Intangible assets</b>	<b>13</b>	<b><u>149,223</u></b>	<b><u>149,319</u></b>	<b><u>148,907</u></b>
Plant and machinery		22,251	22,739	14,711
Other fixtures and fittings, tools and equipment		5,993	6,223	7,142
Leasehold improvements		<u>2,206</u>	<u>2,380</u>	<u>3,551</u>
<b>Property, plant and equipment</b>	<b>14</b>	<b><u>30,450</u></b>	<b><u>31,342</u></b>	<b><u>25,404</u></b>
Investments in group enterprises		3,056	2,404	979
Receivables from group enterprises		0	0	1,739
Other investments		<u>0</u>	<u>0</u>	<u>488</u>
<b>Fixed asset investments</b>	<b>15</b>	<b><u>3,056</u></b>	<b><u>2,404</u></b>	<b><u>3,206</u></b>
<b>Non-current assets</b>		<b><u>182,729</u></b>	<b><u>183,065</u></b>	<b><u>177,517</u></b>
Manufactured goods and goods for resale		56,119	89,891	84,866
Prepayments for goods		<u>0</u>	<u>0</u>	<u>183</u>
<b>Inventories</b>		<b><u>56,119</u></b>	<b><u>89,891</u></b>	<b><u>85,049</u></b>
Deferred tax	17	7,867	7,667	9,135
Trade receivables	18	2,838	12,271	14,474
Receivables from group enterprises		7,202	2,769	8,089
Income tax receivables		0	0	0
Other receivables		19,635	12,813	15,809
Prepayments	19	<u>907</u>	<u>685</u>	<u>757</u>
<b>Receivables</b>		<b><u>38,449</u></b>	<b><u>36,205</u></b>	<b><u>48,264</u></b>
<b>Cash</b>		<b><u>2,109</u></b>	<b><u>13</u></b>	<b><u>24</u></b>
<b>Current assets</b>		<b><u>96,677</u></b>	<b><u>126,109</u></b>	<b><u>133,337</u></b>
<b>Assets regarding discontinued operations</b>		<b><u>0</u></b>	<b><u>2,111</u></b>	<b><u>0</u></b>
<b>Assets</b>		<b><u>279,406</u></b>	<b><u>311,285</u></b>	<b><u>310,854</u></b>

## Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK'000</u>	<u>2017/18 DKK'000</u>	<u>1 Oct. 2017 DKK'000</u>
Contributed capital		510	501	501
Reserve for net revaluation according to the equity method		0	0	0
Retained earnings		137,317	101,717	49,357
<b>Equity</b>	20	<b>137,827</b>	<b>102,218</b>	<b>49,858</b>
Provisions for investments in group enterprises		0	0	1,933
Subordinate loan capital	21	6,000	10,000	79,266
Finance lease liabilities	22	4,339	4,225	330
<b>Non-current liabilities other than provisions</b>		<b>10,339</b>	<b>14,225</b>	<b>81,529</b>
Current portion of long-term liabilities other than provisions	22,23	1,125	1,273	30,274
Bank loans		25,193	44,936	41,336
Trade payables		75,940	115,612	79,049
Payables to group enterprises		1,026	1,644	2,806
Joint taxation contribution payable		0	183	183
Other payables		27,956	27,847	25,819
<b>Current liabilities other than provisions</b>		<b>131,240</b>	<b>191,495</b>	<b>179,467</b>
<b>Liabilities other than provisions</b>		<b>141,579</b>	<b>205,720</b>	<b>260,996</b>
<b>Liabilities regarding discontinued operations</b>		<b>0</b>	<b>3,347</b>	<b>0</b>
<b>Equity and liabilities</b>		<b>279,406</b>	<b>311,285</b>	<b>310,854</b>
Rental and lease commitments	23			
Financial instruments	24			
Mortgages and securities	25			
Contingent liabilities	26			
Related parties and group relations	27			
Financial risks and financial instruments	28			
Events after the reporting period	29			

## Statement of shareholders' equity

DKK'000	Share capital	Share premium	Reserve equity method	Retained earnings	Total
<b>2018</b>					
<b>Shareholders' equity at beginning of year</b>	<b>501</b>	<b>0</b>	<b>0</b>	<b>101,717</b>	<b>102,218</b>
Profit for the year	0	0	0	2,194	2,194
Other comprehensive income	0	0	0	(700)	(700)
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,494</b>	<b>1,494</b>
Other adjustments	0	0	0	0	0
Capital increases	9	34,106	0	0	34,115
Transferred from share premium	0	(34,106)	0	34,106	0
<b>Shareholders' equity at end of year</b>	<b>510</b>	<b>0</b>	<b>0</b>	<b>137,317</b>	<b>137,827</b>
<b>2017/18</b>					
<b>Shareholders' equity at beginning of year</b>	<b>501</b>	<b>0</b>	<b>0</b>	<b>49,357</b>	<b>49,858</b>
Profit for the year	0	0	0	(35,725)	(35,725)
Other comprehensive income	0	0	0	5,518	5,518
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(30,207)</b>	<b>(30,207)</b>
Other adjustments	0	0	0	0	0
Effect as a result of a debt conversion in 2017/18*	0	0	0	82,567	82,567
<b>Shareholders' equity at end of year</b>	<b>501</b>	<b>0</b>	<b>0</b>	<b>101,717</b>	<b>102,218</b>

Number of shares is 510,000 of the nominal value of DKK 510,000.

## Notes to financial statements

### 1. Effect of IFRS and critical accounting judgements and key sources of estimation uncertainty

#### 1.1 Application of new and revised International Financial Reporting Standards (IFRSs)

##### New and revised IFRSs in issue but not yet effective

At the time of publication of the 2018 financial statements of System Frugt A/S, there are a number of new or changed standards and interpretations which have not yet come into effect and which therefore have not been incorporated into the financial statements.

##### IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

System Frugt A/S will implement IFRS 15 in the financial year 2019 retrospectively with recognition of the cumulative effect of initially applying this standard recognised in the retained earnings at 1 January 2019 without restatement of comparative figures.

The Group recognises revenue from the following major sources:

- Sale of goods (business to business)

System Frugt A/S has analysed the effects of IFRS 15, and the analysis indicates that there are no material effects of implementing IFRS 15.

##### IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 supersedes the current IAS 39 Financial Instruments: Recognition and Measurement and the related interpretations when it becomes effective.

System Frugt A/S will implement IFRS 9 in the financial year 2019, using the modified retrospective approach where periods before 1 January 2019 are not restated and any difference between the previous carrying amount and the carrying amount at 1 January 2019 according to IFRS 9 are recognised in the opening retained earnings at 1 January 2019.

System Frugt A/S has analysed the effects of IFRS 9, and the analysis shows no material effects in the provisions for bad debts, which will be based on expected losses and not incurred losses. The extent of hedging is currently at a minimum. IFRS 9 is not showing any changes in the classification of financial assets.

## Notes to financial statements

### 1. Effect of IFRS and critical accounting judgements and key sources of estimation uncertainty, continuing

#### IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

System Frugt A/S has not yet begun analysing the possible effect of IFRS 16. The new IFRS is applicable for the financial year 2019/20, but the analysis will include considerations regarding early adoption. As System Frugt A/S has significant operating lease commitments, IFRS 16 is expected to increase non-current assets (right-of-use assets) as well as lease liabilities, and will also impact the income statement, cash flow statement and equity to some degree.

The directors are to begin the assessment of the impact of IFRS 16 during 2019.

#### Other new or revised IFRS

Other new or revised IFRSs in issue but not yet effective are not expected to have any material impact on future consolidated financial statements.

### 1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value of the cash flows. Where the present value of the expected cash flows will not exceed the carrying amount of goodwill, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill are disclosed in note 16. The carrying amount of goodwill is DKK 147,648k (2017/18: DKK 147,648k).

## Notes to financial statements

### 2. Revenue and segments

The Entity's products cannot be broken down into product groups, etc. and therefore no operating segments have been identified. The revenue consists primarily of sale of goods.

#### Revenue by geographical area

The Entity's activities are primarily distributed by area: Denmark, Sweden, Norway, Finland, Netherlands and other countries.

The Entity's revenue from external customers in these geographical areas is specified below where revenue is distributed by the customer's registered office.

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
Denmark	90,907	285,792
Sweden	34,055	83,219
Norway	11,717	33,173
Finland	14,054	33,849
Netherlands	16,446	43,040
Other countries	3,616	9,208
	<b>170,795</b>	<b>488,281</b>

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>3. Staff costs</b>		
Remuneration of the Board of Directors	0	406
Wages and salaries	14,053	65,191
Pension costs	2,628	9,017
Other social security costs	320	1,218
Other staff costs	485	1,585
Cost reimbursement received from public authorities	(397)	(1,463)
	<b>17,089</b>	<b>75,954</b>

Staff costs are distributed as follows:

Production costs	9,894	37,152
Distribution costs	5,406	26,902
Administrative expenses	1,789	11,900
	<b>17,089</b>	<b>75,954</b>

Average number of employees	131	131
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## Notes to financial statements

	<b>Board of Directors and Executive Board DKK'000</b>	<b>Other key- manage- ment personnel DKK'000</b>	<b>Total DKK'000</b>
<b>3. Staff costs, continuing</b>			
<b>2018</b>			
Salary	523	0	523
<b>Cost at end of year</b>	<b>523</b>	<b>0</b>	<b>523</b>
<b>2017/18</b>			
Salary	3,594	0	3,594
<b>Cost at end of year</b>	<b>3,594</b>	<b>0</b>	<b>3,594</b>

There are no warrant programmes for the Board of Directors, the Executive Board, other key management personnel or other employees.

The Entity has only entered into defined contribution plans. In defined contribution plans, the employer pays a continuous contribution to an independent pension company, pension fund etc. but has no risk as to the future development of interest rates, inflation, mortality, disability etc. in respect of the amount due to the employee in due time.

	<b>2018 DKK'000</b>	<b>2017/18 DKK'000</b>
<b>4. Discontinued operations</b>		
The discontinued operations have affected the income statement as follows:		
Operating profit/loss for the period until closure	0	(11,582)
<b>Net effect on profit/loss for the year</b>	<b>0</b>	<b>(11,582)</b>

The company's discontinuing activities in 2017/18 consist of the decommissioning of the company's development and project department. These are closed in connection with the management's future focus on the company's core competencies. Management considers the discontinued operation to be a separate business area and the area is therefore treated in accordance with the rules for discontinued operations. The business area has only insignificant influence in the 2018 financial year, due to the fact that the developed products, etc. has been developed and produced in the financial year 2017/18.

## Notes to financial statements

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>4. Discontinued operations, continuing</b>		
Operating profit/loss for the period up to transfer of control can be specified as follows:		
Revenue	0	3,429
Production costs	0	(6,346)
<b>Gross profit/loss</b>	<b>0</b>	<b>(2,917)</b>
Distribution costs	0	(5,279)
Administrative expenses	0	(3,386)
<b>Operating profit/loss (EBIT)</b>	<b>0</b>	<b>(11,582)</b>
Income from investments in group enterprises	0	0
Financial expenses	0	0
<b>Profit/loss before tax</b>	<b>0</b>	<b>(11,582)</b>
Tax on profit/loss for the year	0	0
<b>Profit/loss for the year</b>	<b>0</b>	<b>(11,582)</b>
<b>During the financial year, the discontinued operation has affected the cash flow statement as follows:</b>		
Cash flows from operating activities	1,293	(11,582)
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
	<b>1,293</b>	<b>(11,582)</b>
	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>5. Production costs</b>		
Cost of sales	138,692	386,154
Inventory write-down	0	2,526
Reversal of previous inventory write-down	0	(1,140)
Wages and salaries recognised under production costs	9,894	37,152
Depreciation and amortisation recognised under production costs	1,695	6,124
	<b>150,281</b>	<b>430,816</b>



## Notes to financial statements

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>6. Fees to the auditor appointed by the Annual General Meeting</b>		
Statutory audit services	175	230
Other assurance engagements	0	18
Tax services	0	15
Other services	150	276
	<b>325</b>	<b>539</b>

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>7. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	96	252
Depreciation of property, plant and equipment	2,426	9,425
Profit/loss from sale of intangible assets and property, plant and equipment	0	0
	<b>2,522</b>	<b>9,677</b>

Depreciation, amortisation and impairment losses are distributed as follows:

Production costs	1,695	6,124
Distribution costs	241	870
Administrative expenses	586	2,683
	<b>2,522</b>	<b>9,677</b>

### 8. Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>9. Other financial income</b>		
Interest income from group enterprises	12	68
Other financial income	0	0
	<b>12</b>	<b>68</b>

## Notes to financial statements

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>10. Other financial expenses</b>		
Financial expenses from group enterprises	3	0
Interest expenses	1,521	6,270
Exchange rate adjustments	689	2,843
Other financial expenses	1,680	1,101
	<b>3,893</b>	<b>10,214</b>
<b>11. Income tax</b>		
<i>Current tax:</i>		
Current tax on profit for the year	0	0
Current tax on Other comprehensive income for the year	0	0
<b>Total current tax</b>	<b>0</b>	<b>0</b>
<i>Deferred tax:</i>		
Adjustment of deferred tax asset/liability	0	0
Adjustment of deferred tax asset/liability in respect of prior years etc.	0	0
<b>Total deferred tax</b>	<b>0</b>	<b>0</b>
<b>Total income tax</b>	<b>0</b>	<b>0</b>
<b>Earnings before tax</b>		
	<b>2,194</b>	<b>(24,143)</b>
Income from Investments in Group enterprises	(152)	8,373
Calculated tax at Danish statutory rate of 22%	449	3,469
Income/expenses not subject to tax	(149)	(1,110)
Unrecognized loss	(300)	(2,359)
<b>Tax Charge</b>	<b>0</b>	<b>0</b>
<b>12. Proposed distribution of profit/loss</b>		
	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
Transferred to reserve for net revaluation according to the equity method	0	0
Retained earnings	2,194	(35,725)
	<b>2,194</b>	<b>(35,725)</b>

There are no proposed dividends for the financial year.

## Notes to financial statements

	<b>Acquired trademarks DKK'000</b>	<b>Goodwill DKK'000</b>
<b>13. Intangible assets</b>		
<b>2018</b>		
<b>Cost at beginning of year</b>	<b>2,775</b>	<b>147,648</b>
Additions	<u>0</u>	<u>0</u>
<b>Total cost at end of year</b>	<b><u>2,775</u></b>	<b><u>147,648</u></b>
<b>Amortisation at beginning of year</b>	<b>(1,104)</b>	<b>0</b>
Amortisation for the year	<u>(96)</u>	<u>0</u>
<b>Total amortisation at end of year</b>	<b><u>(1,200)</u></b>	<b><u>0</u></b>
<b>Carrying amount at end of year</b>	<b><u>1,575</u></b>	<b><u>147,648</u></b>
<b>2017/18</b>		
<b>Cost at beginning of year</b>	<b>2,111</b>	<b>147,648</b>
Additions	<u>664</u>	<u>0</u>
<b>Total cost at end of year</b>	<b><u>2,775</u></b>	<b><u>147,648</u></b>
<b>Amortisation at beginning of year</b>	<b>(852)</b>	<b>0</b>
Amortisation for the year	<u>(252)</u>	<u>0</u>
<b>Total amortisation at end of year</b>	<b><u>(1,104)</u></b>	<b><u>0</u></b>
<b>Carrying amount at end of year</b>	<b><u>1,671</u></b>	<b><u>147,648</u></b>

Apart from goodwill, all other intangible assets are considered to have finite useful lives over which the assets are amortised, cf. the description of accounting policies. See note 16.

## Notes to financial statements

	<b>Plant and machinery DKK'000</b>	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Lease- hold improve- ments DKK'000</b>
<b>14. Property, plant and equipment</b>			
<b>2018</b>			
<b>Cost at beginning of year</b>	<b>59,293</b>	<b>20,601</b>	<b>9,461</b>
Additions	812	655	67
Disposals	0	0	0
<b>Total cost as at end of year</b>	<b>60,105</b>	<b>21,256</b>	<b>9,528</b>
<b>Depreciation at beginning of year</b>	<b>(36,554)</b>	<b>(14,378)</b>	<b>(7,081)</b>
Depreciation for the year	(1,300)	(885)	(241)
Reversal regarding disposals	0	0	0
<b>Depreciation at end of year</b>	<b>(37,854)</b>	<b>(15,263)</b>	<b>(7,322)</b>
<b>Carrying amount at end of year</b>	<b>22,251</b>	<b>5,993</b>	<b>2,206</b>
<b>Hereof finance lease</b>	<b>7,116</b>	<b>0</b>	<b>0</b>
<b>2017/18</b>			
<b>Cost at beginning of year</b>	<b>46,763</b>	<b>18,313</b>	<b>9,288</b>
Additions	12,530	3,043	173
Disposals	0	(755)	0
<b>Total cost at end of year</b>	<b>59,293</b>	<b>20,601</b>	<b>9,461</b>
<b>Depreciation at beginning of year</b>	<b>(32,052)</b>	<b>(11,171)</b>	<b>(5,737)</b>
Depreciation for the year	(4,502)	(3,579)	(1,344)
Reversal regarding disposals	0	372	0
<b>Total depreciation at end of year</b>	<b>(36,554)</b>	<b>(14,378)</b>	<b>(7,081)</b>
<b>Carrying amount at end of year</b>	<b>22,739</b>	<b>6,223</b>	<b>2,380</b>
<b>Hereof finance lease</b>	<b>7,280</b>	<b>0</b>	<b>0</b>

## Notes to financial statements

	Investments in group enterprises DKK'000	Receivables from group enterprises DKK'000	Other investments DKK'000
<b>15. Fixed asset investments</b>			
<b>2018</b>			
<b>Cost at beginning of year</b>	<b>27,767</b>	<b>0</b>	<b>0</b>
Additions	0	0	0
Disposals	0	0	0
<b>Total cost as at end of year</b>	<b>27,767</b>	<b>0</b>	<b>0</b>
<b>Impairment losses at beginning of year</b>	<b>(25,363)</b>	<b>0</b>	<b>0</b>
Exchange rate adjustments	9	0	0
Share of profit/loss for the year transferred to provisions	458 185	0 0	0 0
<b>Impairment losses at end of year</b>	<b>(24,711)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of year</b>	<b>3,056</b>	<b>0</b>	<b>0</b>
<b>2017/18</b>			
<b>Cost at beginning of year</b>	<b>19,471</b>	<b>1,739</b>	<b>488</b>
Additions	8,296	0	0
Disposals	0	(1,739)	(488)
<b>Total cost as at end of year</b>	<b>27,767</b>	<b>0</b>	<b>0</b>
<b>Impairment losses at beginning of year</b>	<b>(18,492)</b>	<b>0</b>	<b>0</b>
Exchange rate adjustments	315	0	0
Share of profit/loss for the year transferred to provisions	(5,255) (1,931)	0 0	0 0
<b>Impairment losses at end of year</b>	<b>(25,363)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at end of year</b>	<b>2,404</b>	<b>0</b>	<b>0</b>
		<b>Ownership in percentage</b>	<b>Share of vot- ing rights</b>
<b>Fixed asset investments</b>			
System Frugt Oy AB, Finland		100	100
System Frugt AB, Sweden		100	100

## Notes to financial statements

### 16. Impairment test of goodwill

Besides goodwill, there are no intangible assets with indefinite useful lives. At 31 December 2018, the goodwill accounted for DKK 148m, (2017/18: DKK 148m) for the Entity. The Entity has per 31.12.2018 performed impairment test of the carrying amount of goodwill at 31 December 2018 based on value in use. Impairment testing is performed in Q4 each year, based on the budgets or business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units. The expected future free cash flow is based on budgets and projections for subsequent years. Key parameters include net sales, gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2025.

Budgets and projections for the 2019-2028 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. The value for the period after 2028 takes into account the real growth and inflation expectations, which makes up a growth rate of 2% used in the terminal period.

When calculating the recoverable amount of goodwill, a discount rate of 8.5% after tax is assumed. The discount rate is based on a risk-free interest rate of 0.3%. The impairment tests performed at 30 October 2018 indicate significantly higher value in use of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factor.

Key assumptions from the impairment testing of goodwill are as follows:

	<b>Value drivers based on average for the period 2018-2027</b>	<b>Value drivers based on average for the terminal period</b>
<b>2018</b>		
Net sales growth	4.8%	2.0%
Gross margin	20.3%	20.5%
EBITDA margin	3.6%	4.0%
EBITA margin	2.7%	3.6%
Intangible fixed assets/Sales	14.3%	3.2%
Tangible fixed assets/Sales	2.1%	1.2%
NWC/Sales	6.3%	6.2%
ROIC (beginning of year invested capital)	14.5%	28.1%

## Notes to financial statements

### 16. Impairment test of goodwill, continuing

	Value drivers based on average for the period 2018-2027	Value drivers based on average for the terminal period
<b>2017/18</b>		
Net sales growth	4.8%	2.0%
Gross margin	20.3%	20.5%
EBITDA margin	3.6%	4.0%
EBITA margin	2.7%	3.6%
Intangible fixed assets/Sales	14.3%	3.2%
Tangible fixed assets/Sales	2.1%	1.2%
NWC/Sales	6.3%	6.2%
ROIC (beginning of year invested capital)	14.5%	28.1%

### 17. Deferred tax assets and deferred tax liabilities

2018 DKK	Deferred tax, intangible assets	Deferred tax tangible assets	Deferred tax, financial non- current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
<b>Deferred tax beginning of year</b>	<b>5,059</b>	<b>(142)</b>	<b>0</b>	<b>(299)</b>	<b>0</b>	<b>3,049</b>	<b>0</b>	<b>0</b>	<b>0</b>
Charge to the income statement	20	468	0	94	0	(582)	0	0	0
Other adjustments	0	0	0	0	0	200	0	0	0
<b>Deferred tax end of year</b>	<b>5,079</b>	<b>326</b>	<b>0</b>	<b>(205)</b>	<b>0</b>	<b>2,667</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	8,072
Deferred tax liability	(205)
<b>Deferred tax asset year end, net</b>	<b>7,867</b>

2017/18 DKK	Deferred tax, intangible assets	Deferred tax tangible assets	Deferred tax, financial non- current assets	Deferred tax, current assets	Deferred tax, provisions	Deferred tax, taxable losses prior years	Deferred tax, long term liabilities	Deferred tax, short term liabilities	Total deferred tax
<b>Deferred tax beginning of year</b>	<b>5,003</b>	<b>(1,620)</b>	<b>0</b>	<b>(331)</b>	<b>0</b>	<b>6,073</b>	<b>10</b>	<b>0</b>	<b>0</b>
Charge to the income statement	56	1,478	0	32	0	(1,556)	(10)	0	0
Other adjustments	0	0	0	0	0	(1,468)	0	0	0
<b>Deferred tax end of year</b>	<b>5,059</b>	<b>(142)</b>	<b>0</b>	<b>(299)</b>	<b>0</b>	<b>3,049</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	8,108
Deferred tax liability	(441)
<b>Deferred tax asset year end, net</b>	<b>7,667</b>

## Notes to financial statements

### 17. Deferred tax assets and deferred tax liabilities, continuing

Management has assessed the deferred tax asset based on the estimated tax results for the coming years. It is Management's expectations that the Company will be able to realise the recognised tax asset over the coming 3 years. Management has assessed the coming years' budgets and expectations and has recognised equivalent tax-loss carryforwards.

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
<b>18. Trade receivables</b>		
Trade receivables	2,853	12,286
Provisions for impairment of trade receivables	(15)	(15)
	<b>2,838</b>	<b>12,271</b>
	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
Impairment losses at beginning of year	15	0
Impairment losses in the year	0	15
Realised in the year	0	24
<b>Impairment losses at end of year</b>	<b>15</b>	<b>39</b>

In determining the recoverability of a trade receivable, the Entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Overdue trade receivables not written down are broken down as follows:

	<b>2018</b> <b>DKK'000</b>	<b>2017/18</b> <b>DKK'000</b>
Overdue 1-30 days	30	2,120
Overdue 31-60 days	0	274
Overdue 61-90 days	0	14
Over 90 days	0	115
	<b>30</b>	<b>2,523</b>
Undue not impaired receivables are split as follows:		
Denmark	1,989	9,763
Sweden	819	0
Norway	0	0
Finland	0	0
Netherlands	0	0
Other countries	0	0
	<b>2,808</b>	<b>9,763</b>

The Entity does not have significant credit risks related to a single customer or regarding sales to specific markets.



## Notes to financial statements

### 19. Prepayments

Prepayments relate to prepaid costs, including licenses and insurance.

	<u>Number</u>	<u>Par value DKK'000</u>	<u>Nominal value DKK'000</u>	<u>Recorded par value DKK'000</u>
<b>20. Contributed capital and own shares</b>				
A shares	492,128	493	493	493
B shares	4,436	4	4	4
C shares	13,436	13	13	13
	<u><b>510,000</b></u>		<u><b>510</b></u>	<u><b>510</b></u>

Each A share of a nominal value of DKK 1 carries one vote at the Annual General Meeting. B shares and C shares carry no voting rights.

In addition, the Company has a portfolio of own A shares of a nominal value of DKK 14,345k equal to 2.63% of total share capital. This occurred as part of the merger in 2017/18 between System Frugt Holding A/S and System Frugt A/S with System Frugt A/S as the continuing company.

	<u>Instalments within 12 months 2018 DKK'000</u>	<u>Instalments between 12-60 months 2018 DKK'000</u>	<u>Outstanding after 60 months DKK'000</u>
<b>21. Financial liabilities at amortised cost</b>			
Subordinate loan capital	0	6,000	0
	<u><b>0</b></u>	<u><b>6,000</b></u>	<u><b>0</b></u>
	<u>Instalments within 12 months 2017/18 DKK'000</u>	<u>Instalments between 12-60 months 2017/18 DKK'000</u>	<u>Outstanding after 60 months DKK'000</u>
Subordinate loan capital	0	10,000	0
	<u><b>0</b></u>	<u><b>10,000</b></u>	<u><b>0</b></u>

### Fair value

The fair value of the subordinate loan capital at 31 December 2018 is equivalent to DKK 6,000k compared to the carrying amount of DKK 6,000k.

## Notes to financial statements

	<b>Long-term borrowings DKK'000</b>	<b>Short-term borrowings DKK'000</b>	<b>Lease liabilities DKK'000</b>	<b>Total liabilities from financing activities DKK'000</b>
<b>22. Reconciliation of liabilities arising from financing activities</b>				
<b>Beginning of year</b>	<b>10,000</b>	<b>44,936</b>	<b>5,498</b>	<b>60,434</b>
Cash flows	(4,000)	(19,743)	(34)	(23,777)
<b>End of year</b>	<b>6,000</b>	<b>25,193</b>	<b>5,464</b>	<b>36,657</b>

	<b>2018 DKK'000</b>	<b>2017/18 DKK'000</b>
<b>23. Rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>13,423</b>	<b>13,313</b>

Unrecognised rental and lease commitments comprise rental commitments with a remaining contract period of 12 months. The commitment amounts to DKK 7,893k (2017/18: DKK 7,831k).

The remaining commitment comprises lease commitments relating to operating leases on other fixtures and fittings, tools and equipment. The commitment amounts to DKK 5,530k (2017/18: DKK 5,482k).

### Financial lease commitments

	<b>Payments due between 1- 5 years DKK'000</b>	<b>Payments due between 1- 5 years DKK'000</b>	<b>Outstand- ing after 5 years DKK'000</b>
<b>2018</b>			
Minimum lease payments	1,125	4,339	0
Present value of minimum lease payments	1,148	4,426	0
<b>2017/18</b>			
Minimum lease payments	1,273	4,498	0
Present value of minimum lease payments	1,248	4,408	0

### Operating lease commitments

Operating leases relate to leases of building and equipment with lease terms between 1 and 5 years. The Group does not have an option to purchase the leased building or equipment at the end of the lease terms.

## Notes to financial statements

### 23. Rental and lease commitments, continuing

	<b>Payments due 1 year</b>	<b>Payments due between 1- 5 years</b>	<b>Outstand- ing after 5 years</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>2018</b>			
Minimum lease payments	10,248	3,175	0
Present value of minimum lease payments	10,452	3,239	0
	<b>Payments due 1 year</b>	<b>Payments due between 1- 5 years</b>	<b>Outstand- ing after 5 years</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>2017/18</b>			
Minimum lease payments	10,044	3,269	0
Present value of minimum lease payments	10,245	3,332	0

### 24. Financial instruments

#### Disclosure on forward exchange contracts acquired to hedge liabilities

Other receivables include currency hedging of future cash flow regarding purchase of goods. The amount per 31.12.2018 is DKK 2,220k. The forward exchange contracts have been acquired to hedge the foreign currency risk of future trade payables in USD. The exchange gain has been set off against the value adjustments of the hedged payables in the income statement. The forward exchange contracts have a term of 0-13 months. The forward exchange contracts have been entered into with the Company's usual bank.

For 2017/18 the amount per 30.09.2018 was DKK 3,139k. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD.

### 25. Mortgages and securities

The Company has issued letters of credit and payment guarantees through its bank to suppliers amounting to DKK 52k (2017/18: DKK 52k).

As security for all accounts with Jyske Bank, a floating charge has been granted of nominal DKK 30,000k over System Frugt A/S' unsecured claims arising from the sale of goods and services and inventories. The carrying amount is DKK 58,957k at 31.12.2018.

A negative pledge is registered regarding System Frugt A/S for unsecured claims arising from the sale of goods and services.

## Notes to financial statements

### 26. Contingent liabilities

The Entity has committed itself to fixed price and quantity contracts towards its suppliers of goods and services on delivery of raw material in the coming financial years. The contractual commitments from the concluded contracts at 31 December 2018 amount to DKK 82,921k (2017/18: DKK 93,999k).

The Entity's bank has issued a guarantee for non-recognised import letters of credit with an open balance at the balance sheet date totalling DKK 398k (2017/18: DKK 405k).

### Joint taxation arrangement

The Company is party to a mandatory Danish joint taxation arrangement with Anpartsselskabet af 9. September 2010 serving as the administration company. The joint taxation arrangement complies with general Danish tax legislation and has included other Danish sister companies due to common ultimate ownership. From 16 July 2015, the Company is partially jointly and secondarily liable for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equivalent to the share of capital of the Company which is owned directly or indirectly by the ultimate parent.

### 27. Related parties and group relations

The following parties exercise control over System Frugt A/S:

<u>Name</u>	<u>Registered office</u>	<u>Basis for control</u>
Anpartsselskabet af 9. september 2010	Avderødvej, Kokkedal	Shareholder holding the majority of voting rights
BWB Partners II K/S	Avderødvej, Kokkedal	Shareholder holding the majority of voting rights in Anpartsselskabet af 9. september 2010

## Notes to financial statements

### 27. Related parties and group relations, continuing

#### Transactions with related parties

All transactions were made on terms equivalent to arm's length principles.

Apart from dividend payments and capital increase, the Company had the following transactions with related parties in the financial year:

	Group enterprises DKK'000	Key persons in management DKK'000	Other related parties DKK'000	Total DKK'000
<b>2018</b>				
Sale of goods	12,049	0	0	12,049
Sale of services	165	0	0	165
Remuneration, cf. note 3	0	523	0	523
Trade receivables, group enterprises	7,202	0	0	7,202
Loans	0	0	6,000	6,000
Trade payables, group enterprises	1,026	0	0	1,026
Interest on loans to related parties	3	0	326	329
<b>2017/18</b>				
Sale of goods	30,474	0	0	30,474
Sale of services	662	0	0	622
Remuneration, cf. note 3	0	3,594	0	3,594
Trade receivables, group enterprises	2,769	0	0	2,769
Loans	0	0	10,000	10,000
Trade payables, group enterprises	1,644	0	0	1,644
Interest on loans to related parties	66	0	3,974	4,040

### 28. Financial risks and financial instruments

Financial risk factors refer to fluctuations in the Entity's results, cash flows and financial position due to changes in financial exposure. The overall objective of risk monitoring and control is to provide cost-effective financing and to minimise potential adverse impacts from market fluctuations.

#### Price risk

The Entity's most significant operating risk relates to the development in raw material prices and the possibility of passing on increases to sales prices. The Entity has well-developed policies and procedures to reduce these price risks.

#### Exchange rate risk

A considerable part of the Entity's purchase is made in USD, which results in a risk of exchange rate fluctuations and a derived impact on financial performance, equity and cash flows. It is the Entity's policy to hedge these commercial foreign exchange risks mainly by using forward exchange contracts or options.

## Notes to financial statements

### 28. Financial risks and financial instruments, continuing

#### Interest rate risk

The interest rates of credit facilities are a mix of fixed and variable interest. System Frugt A/S does not use derivative contracts to hedge the interest rate risks. System Frugt A/S exclusively has fixed-rate interest-bearing debt.

#### Liquidity risk

System Frugt A/S's owners made a capital increase in the financial year for the purpose of repaying the Company's banks. This has been a step in Management's and the owners' wish to reduce liquidity risk.

Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow on a monthly basis matches the planned cash needs.

#### Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised under these items in the balance sheet constitute the maximum credit risk. Receivables relate to sale of products. Credit risk associated with the construction industry is handled by the Danish credit function, which monitors the creditworthiness of existing and new customers and assists in collection. System Frugt A/S conducts individual assessments of customer creditworthiness, and credit lines are managed in Denmark. Cash is held with banks with high credit ratings.

#### Fair values measurements

System Frugt A/S use financial instruments on forward exchange contracts acquired to hedge liabilities. The forward exchange contracts have been acquired to hedge the foreign currency risk of trade payables in USD. The exchange gain has been set off against the value adjustments of the hedged payables in the income statement.

On initial recognition in the balance sheet, derivative financial instruments. Derivative financial instruments are recognised under other receivables or other payables.

The Entity does not have any other assets or liabilities measured at fair value.

The Management is of the opinion that the carrying amounts of all other financial assets and liabilities recognised in the financial statements approximate their fair values.

#### Capital structure

The Company's Management assesses whether the Entity's capital structure is in line with the interests of the Company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2018, the Entity's interest-bearing debt net comprises DKK 29 million (2017/18: DKK 55 million), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Entity's guidelines and procedures for managing capital structure in 2017/18.

## Notes to financial statements

### 29. Events after the reporting period

There have been no post-balance sheet events material to this Annual Report which have not been recognised or disclosed.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises (large), cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

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

### Non-comparability

The Company's Management has decided to change financial year to 01.01.-31.12. from previously 01.10.-30.09.

Thus, financial statements are presented for the three-month period 01.10.2018-31.12.2018. Consequently, the comparative figures are not directly comparable.

### Accounting treatment of intercompany merger

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where the enterprises concerned are controlled by the Parent, under which method the uniting-of-interests is considered completed at the date of acquisition with restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

### 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.



## Accounting policies

### Consolidated financial statements

Referring IFRS BKG 8 and to section 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes that are complying with the requirements for hedging of future cashflow of a recognised asset or a recognised liability are recorded in the other comprehensive income statement together with changes in the value of the hedged asset or the hedged liability.

### 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.

#### Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

## Accounting policies

### Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

### Administrative expenses

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

### Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Parent and all the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

## Accounting policies

For the purposes of impairment testing, goodwill is allocated to each of the Entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment of goodwill is recognised directly in profit/(loss). An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

### Intellectual property rights etc

Intellectual property rights etc comprise acquired intellectual property rights assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, which is estimated at 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Plant and machinery as well as 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.

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:

Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

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

## Accounting policies

### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for Net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Other investments

Other investments comprise unlisted investments measured at the lower of cost and net realisable value.

### 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 on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

## Accounting policies

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

### 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.

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

## Accounting policies

### Cash flow statement

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

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

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as 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 as well as the raising of loans, inception of finance leases, instalments on 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 less short-term bank loans.

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

## Flemming Ib Windfeld

Adm. direktør

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## Flemming Ib Windfeld

Dirigent

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## Jacob Nørmark

Revisor

Serienummer: CVR:33963556-RID:29642300

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## Michael Zøhner-Pedersen

Bestyrelsesformand

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2019-03-14 16:44:29Z

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