
Danimex-Food Holding A/S

Inge Lehmanns Gade 10, DK-8000 Aarhus C

Annual Report for 1 January - 31 December 2019

CVR No 15 15 03 78

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/8 2020

Peter Worre Bech
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Danimex-Food Holding A/S for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 14 August 2020

Executive Board

Carl Bruun Jørgensen

Board of Directors

Peter Worre Bech
Chairman

Eric Gue Thierry Delarue

Pascale Denise Delarue

Søren Karim Bech

Independent Auditor's Report

To the Shareholders of Danimex-Food Holding A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Danimex-Food Holding A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Aarhus, 14 August 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Møllgaard Stenskrøge
State Authorised Public Accountant
mne34161

Steffen Damsgaard Sørensen
State Authorised Public Accountant
mne35804

Company Information

The Company

Danimex-Food Holding A/S
Inge Lehmanns Gade 10
DK-8000 Aarhus C

CVR No: 15 15 03 78
Financial period: 1 January - 31 December
Incorporated: 1 May 1991
Municipality of reg. office: Aarhus

Board of Directors

Peter Worre Bech, Chairman
Eric Gue Thierry Delarue
Pascale Denise Delarue
Søren Karim Bech

Executive Board

Carl Bruun Jørgensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Bankers

Nordea Bank Danmark A/S

Management's Review

Key activities

The Company's main activity is investment in other enterprises within ingredients and raw materials for the food industry as well as machinery for the food and refrigeration industry in selected export markets.

Development in the year

The income statement of the Company for 2019 shows a profit of DKK 2,924,940, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 21,843,206.

The past year and follow-up on development expectations from last year

The turnover in the Danish trading export company was approximately at the same level as in 2018, but with a better margin and no extraordinary costs. Thus, the result is considered to be satisfactory. In the Algerian subsidiary the last investments were put into operation in April 2019, and this contributed to a considerable increase of the turnover in the AGRO-division. At the same time, the turnover in the FOOD division dropped a little, which resulted in an overall increase of only 2%. Despite increasing staff- and distribution costs, the result turned out slightly better than in 2018.

The falling turnover in FOOD was due to the economic and political situation in Algeria, which during 2019 was characterised by mass demonstrations, anticorruption campaigns and massive redundancies in the private sector, which resulted in lower growth.

The group result is 25% lower than budget, but considering the difficulties in the main market, we consider the results to be satisfactory.

Special risks - operating risks and financial risks

Operating risks

All trading is subject to risk, eg debtor risk, inventory risk, etc. Management continuously strives to minimise such risks.

Foreign exchange risks

Management is using currency swaps and forward deals to minimise currency risk in the Danish company. The currency risk in Algeria is difficult to hedge because local regulations do not allow forward deals.

Management's Review

Targets and expectations for the year ahead

Management initially expected group results of approximately DKK 4.0 million in 2020 net of taxes based on an increasing turnover. These expectations have been changed following the COVID-19 crises, which has caused substantial loss of turnover in March and April, which we are not sure to catch up. Furthermore the falling oil prices have led the Algerian government to devalue their currency causing substantial losses in the Algerian subsidiary.

The revised group budget is a loss of DKK 1,500,000.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for financial year 2019 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Income from investments in subsidiaries	2	2,997,665	1,962,815
Other external expenses		<u>-272,016</u>	<u>-57,139</u>
Profit/loss before financial income and expenses		2,725,649	1,905,676
Other financial income	3	300,000	336,167
Other financial expenses		<u>-121,221</u>	<u>-151,322</u>
Profit/loss before tax		2,904,428	2,090,521
Tax on profit/loss for the year	4	<u>20,512</u>	<u>-28,094</u>
Net profit/loss for the year		<u>2,924,940</u>	<u>2,062,427</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	1,000,000	0
Reserve for net revaluation under the equity method	2,997,665	1,962,815
Retained earnings	<u>-1,072,725</u>	<u>99,612</u>
	2,924,940	2,062,427

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Investments in subsidiaries	5	13,886,583	10,720,020
Fixed asset investments		13,886,583	10,720,020
Fixed assets		13,886,583	10,720,020
Receivables from group enterprises		9,227,225	10,612,789
Other receivables		1,445	0
Corporation tax		20,513	0
Prepayments		85,418	22,500
Receivables		9,334,601	10,635,289
Cash at bank and in hand		127,647	4,556
Currents assets		9,462,248	10,639,845
Assets		23,348,831	21,359,865

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		1,500,000	1,500,000
Reserve for net revaluation under the equity method		12,986,696	9,957,480
Retained earnings		6,356,510	7,291,888
Proposed dividend for the year		1,000,000	0
Equity	6	<u>21,843,206</u>	<u>18,749,368</u>
Subordinate loan capital		1,000,000	1,500,000
Long-term debt	7	<u>1,000,000</u>	<u>1,500,000</u>
Subordinate loan capital	7	500,000	1,000,000
Payables to group enterprises		0	69,780
Corporation tax		0	28,094
Other payables		5,625	12,623
Short-term debt		<u>505,625</u>	<u>1,110,497</u>
Debt		<u>1,505,625</u>	<u>2,610,497</u>
Liabilities and equity		<u>23,348,831</u>	<u>21,359,865</u>
Subsequent events	1		
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Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19, with many governments across the world deciding to shut down their countries, will have great impact on the world economy. Management considers these implications a subsequent event occurring after the balance sheet date (31 December 2019), and therefore they will not have any effect on the Annual Report or the results for 2019.

However according to Group Management's evaluation, the COVID-19 crisis will have a negative effect on the results for 2020, because many of our customers in the food industry in Algeria have been forced to shut down (entirely or partially) their production for a certain period. We consider that the crisis will lead to a loss of turnover of approximately 10% with a correspondingly lower profit. Furthermore, the very low oil price in 2020 have led to a devaluation of the Algerian dinar, which will also impact the result negatively. We have estimated the total impact and taken it into account in the revised budget for 2020. Together with the banks, Management has secured sufficient liquidity to face the challenges of the year, as a going concern.

	<u>2019</u> DKK	<u>2018</u> DKK
2 Income from investments in subsidiaries		
Share of profits of subsidiaries	2,997,665	1,962,815
	<u>2,997,665</u>	<u>1,962,815</u>
3 Other financial income		
Interest received from group enterprises	300,000	336,167
	<u>300,000</u>	<u>336,167</u>
4 Tax on profit/loss for the year		
Current tax for the year	-20,512	28,094
	<u>-20,512</u>	<u>28,094</u>

Notes to the Financial Statements

	2019 DKK	2018 DKK
5 Investments in subsidiaries		
Cost at 1 January	4,000,000	4,000,000
Cost at 31 December	4,000,000	4,000,000
Value adjustments at 1 January	6,720,020	4,389,233
Exchange adjustment	168,898	367,972
Net profit/loss for the year	2,997,665	1,962,815
Value adjustments at 31 December	9,886,583	6,720,020
Carrying amount at 31 December	13,886,583	10,720,020

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Danimex-Food A/S	Aarhus	DKK 1,000,000	100%

6 Equity

	Share capital DKK	Reserve for net revaluation under the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity at 1 January	1,500,000	9,957,480	7,291,888	0	18,749,368
Exchange adjustments relating to foreign entities	0	168,898	0	0	168,898
Other equity movements	0	-137,347	137,347	0	0
Net profit/loss for the year	0	2,997,665	-1,072,725	1,000,000	2,924,940
Equity at 31 December	1,500,000	12,986,696	6,356,510	1,000,000	21,843,206

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2019</u> DKK	<u>2018</u> DKK
Subordinate loan capital		
Between 1 and 5 years	<u>1,000,000</u>	<u>1,500,000</u>
Long-term part	1,000,000	1,500,000
Within 1 year	<u>500,000</u>	<u>1,000,000</u>
	<u>1,500,000</u>	<u>2,500,000</u>

8 Charges and security

The Company has provided a guarantee for the Danish subsidiary's bank debt amounting to DKK 1,318,708 at 31 December 2019.

The Company has provided its shares in the Danish subsidiary as collateral for the subsidiary's bank debt amounting to DKK 1,318,708 at 31 December 2019.

The Company has provided a guarantee maximised to EUR 1,800,000 for the Algerian subsidiary's bank debt.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of SKB Equity ApS, which is the management company of the joint taxation. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

9 Related parties

Consolidated Financial Statements

The Company is included in the group reporting of the Parent Company.

Name	Place of registered office
SKB Equity ApS	Aarhus

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Danimex-Food Holding A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of SKB Equity ApS, the Company has not prepared consolidated financial statements.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Notes to the Financial Statements

10 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Other external expenses

Other external expenses comprise expenses for administration.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

10 Accounting Policies (continued)

Balance Sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet includes the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

10 Accounting Policies (continued)

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.