



European Quality Food A/S

Gl. Strandvej 29
6000 Kolding
CVR No. 25366816

Annual report 2019

The Annual General Meeting adopted the
annual report on 28.08.2020

Jørgen Meyer

Chairman of the General Meeting

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Entity details

Entity

European Quality Food A/S

Gl. Strandvej 29

6000 Kolding

CVR No.: 25366816

Registered office: Kolding

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Galina Koed-Madsen

Jørgen Meyer, formand

Ole Koed-Madsen

Executive Board

Ole Koed-Madsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of European Quality Food A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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

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

Kolding, 28.08.2020

Executive Board

Ole Koed-Madsen

Board of Directors

Galina Koed-Madsen

Jørgen Meyer
formand

Ole Koed-Madsen

Independent auditor's extended review report

To the shareholders of European Quality Food A/S

Conclusion

We have performed an extended review of the financial statements of European Quality Food A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

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 extended review 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 extended review or otherwise appears to be materially misstated.

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

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

Kolding, 28.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Lars Bjerregaard Nielsen

State Authorised Public Accountant
Identification No (MNE) mne29393

Management commentary

Primary activities

During the financial year, the company's activity has been export of meat raw materials to the meat processing industry.

Development in activities and finances

The year 2019 in outline

The present market conditions have made future business impossible due to African Swine Fever and consequently the management has decided temporarily to stop the business activities in EUROPEAN QUALITY FOOD AS.

European Quality Food A/S has granted a group contribution towards CrossFit PITSTOP Kolding ApS which has impacted the equity with DKK -1.700 k.

The loss of the year amounts to DKK 537 k, which is considered non-satisfactory.

Events after the balance sheet date

No conditions that disturb the assessment of the annual report have occurred.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		(424,989)	313,270
Distribution costs		(429,714)	(818,979)
Administrative expenses		1,604,711	(6,222,622)
Operating profit/loss		750,008	(6,728,331)
Income from investments in group enterprises		(1,307,961)	(73,067)
Other financial income	3	156,742	461,705
Other financial expenses	4	(135,788)	(311,815)
Profit/loss before tax		(536,999)	(6,651,508)
Tax on profit/loss for the year	5	0	(630,122)
Profit/loss for the year		(536,999)	(7,281,630)
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		0	1,600,000
Retained earnings		(536,999)	(8,881,630)
Proposed distribution of profit and loss		(536,999)	(7,281,630)

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Other fixtures and fittings, tools and equipment		446,694	635,261
Property, plant and equipment	6	446,694	635,261
Investments in group enterprises		0	1,307,961
Other financial assets	7	0	1,307,961
Fixed assets		446,694	1,943,222
Trade receivables		0	2,050,760
Receivables from group enterprises		0	2,110,521
Other receivables		471,086	3,243,977
Prepayments		0	24,334
Receivables		471,086	7,429,592
Other investments		1,050	1,050
Other investments		1,050	1,050
Cash		756,992	76,865
Current assets		1,229,128	7,507,507
Assets		1,675,822	9,450,729

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		1,000,000	1,000,000
Reserve for net revaluation according to the equity method		0	1,096,523
Retained earnings		535,259	1,675,735
Proposed dividend		0	1,600,000
Equity		1,535,259	5,372,258
Bank loans		8,164	3,805,945
Trade payables		25,000	110,618
Payables to shareholders and management		96,335	54,492
Other payables		11,064	107,416
Current liabilities other than provisions		140,563	4,078,471
Liabilities other than provisions		140,563	4,078,471
Equity and liabilities		1,675,822	9,450,729

Staff costs	1
Amortisation, depreciation and impairment losses	2
Contingent liabilities	8

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	1,000,000	1,096,523	1,675,735	1,600,000	5,372,258
Ordinary dividend paid	0	0	0	(1,600,000)	(1,600,000)
Dissolution of revaluations	0	(1,096,523)	1,096,523	0	0
Group contributions etc	0	0	(1,700,000)	0	(1,700,000)
Profit/loss for the year	0	0	(536,999)	0	(536,999)
Equity end of year	1,000,000	0	535,259	0	1,535,259

Notes

1 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	350,252	950,767
Pension costs	33,026	175,044
Other social security costs	8,682	13,349
Other staff costs	36,376	46,948
	428,336	1,186,108

2 Depreciation, amortisation and impairment losses

	2019	2018
	DKK	DKK
Depreciation of property, plant and equipment	70,367	103,740
	70,367	103,740

3 Other financial income

	2019	2018
	DKK	DKK
Financial income from group enterprises	0	50,763
Other interest income	103,937	330,285
Exchange rate adjustments	52,805	0
Fair value adjustments	0	80,657
	156,742	461,705

4 Other financial expenses

	2019	2018
	DKK	DKK
Financial expenses from group enterprises	19,163	0
Other interest expenses	44,229	193,357
Other financial expenses	72,396	118,458
	135,788	311,815

5 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Change in deferred tax	0	630,122
	0	630,122

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	743,794
Additions	356,800
Disposals	(550,000)
Cost end of year	550,594
Depreciation and impairment losses beginning of year	(108,533)
Depreciation for the year	(70,367)
Reversal regarding disposals	75,000
Depreciation and impairment losses end of year	(103,900)
Carrying amount end of year	446,694

7 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	211,438
Disposals	(211,438)
Cost end of year	0
Revaluations beginning of year	1,096,523
Reversal regarding disposals	(1,096,523)
Revaluations end of year	0
Carrying amount end of year	0

8 Contingent liabilities

As security for bank balance a company pledge of nom. t.DKK 5,000 has been issued comprising unsecured debt, inventories, operating equipment etc.

EUROPEAN QUALITY FOOD A/S is included in a Danish joint taxation with KM Holding DK A/S as administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C and D.

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

Consolidated financial statements

Referring to section 110 Danish Financial Statements Act, no consolidated financial statements have been prepared.

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.

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.

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 in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs.

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: 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, and 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 write-down of inventories.

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, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

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

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 intra-group 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, net capital or exchange gains on securities, payables

and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme 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 all Danish group enterprises. 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

Property, plant and equipment

ther fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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 following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5-7 years
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Estimated useful lives and residual values are reassessed annually.

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 or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in equity.

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.

Other investments

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

Cash

Cash comprises of bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

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