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Wernsing Scandinavia ApS

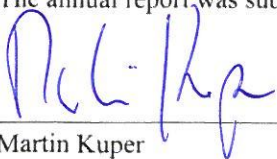
Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 30 50 70 29

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 26 August 2020.



Martin Kuper
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the executive board has presented the annual report of Wernsing Scandinavia ApS for the financial year 1 January - 31 December 2019.

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

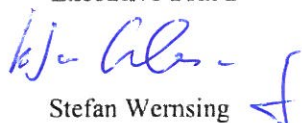
We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2019, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Ansager, 26 August 2020

Executive board


Stefan Wernsing


Martin Kuper


Martin Zwinkels

Independent auditor's report

To the shareholders of Wernsing Scandinavia ApS

Opinion

We have audited the consolidated annual accounts and the annual accounts of Wernsing Scandinavia ApS for the financial year 1 January to 31 December 2019, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 26 August 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Brian Rasmussen
State Authorised Public Accountant
mne30153

Company information

The company

Wernsing Scandinavia ApS
Adelvej 9, Skovlund
6823 Ansager

Phone +45 76 98 50 50

Company reg. no. 30 50 70 29

Financial year: 1 January - 31 December

Executive board

Stefan Wernsing
Martin Kuper
Martin Zwinkels

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Wernsing Food Group GmbH

Subsidiaries

WFG Denmark A/S, Skovlund, Denmark
Flensted Food Group A/S, Skovlund, Denmark*
Flensted Snitgrønt A/S, Skovlund, Denmark*
Danika Grønt A/S, Billund, Denmark*
Slice Fruit A/S, Skovlund, Denmark*
WFG Sweden AB, Ödeshög, Sweden
Vätternpotatis AB, Ödeshög, Sweden**
GG Handel i Skara AB, Skara, Sweden**
CNTB Fastigheter AB, Skara, Sweden**
Blekinge Delikatesser AB, Karlshamn, Sweden**
Wernsing Food Solutions AB, Karlshamn, Sweden**
Hallumgade Invest ApS, Kvong, Denmark
Hallumgade Farming ApS, Kvong, Denmark***
Hallumgade Pig Production ApS, Kvong, Denmark***
LCT Produktion AB, Surte, Sweden**
=, *Owned by WFG Denmark A/S
=, ** Owned by WFG Sweden AB
=, ***Owned by Hallumgade Invest ApS

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Profit and loss account:					
Net turnover	916.122	889.499	921.580	768.375	744.109
Gross profit	214.315	186.924	208.077	177.943	155.072
Results from operating activities	5.875	-21.690	5.221	6.498	-10.553
Net financials	-10.710	1.940	-3.843	-1.801	-3.309
Results for the year	-4.778	-16.788	-2.499	1.352	-13.507
Balance sheet:					
Balance sheet sum	871.858	881.125	804.619	580.798	508.944
Investments in tangible fixed assets represent	20.873	110.308	121.317	45.411	17.264
Equity	201.748	208.101	229.140	236.320	241.608
Cash flow:					
Operating activities	41.204	-8.439	48.956	23.974	18.057
Investment activities	-13.417	-113.582	-269.279	-55.002	-14.873
Financing activities	-8.183	104.530	226.499	39.389	2.509
Cash flow in total	19.604	-17.491	6.176	8.361	5.693
Employees:					
Average number of full time employees	348	346	335	319	264
Key figures in %:					
Gross margin	23,4	21,0	22,6	23,2	20,8
Profit margin	0,6	-2,4	0,6	0,8	-1,4
Solvency ratio	22,4	23,6	28,5	40,7	47,5
Return on equity	-5,1	-7,7	-1,1	0,6	-5,5

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management commentary

The principal activities of the group

Food

The group is a production and trading company with production and sale of processed potato- and vegetable products together with production of dressings, saucers, and other related activities, in both Denmark and abroad.

Agricultural

Sales of piglets to the Danish market as well as export including owned plant production to the piglets production.

The principal activities of the parent company is to be parent company of wholly owned subsidiaries.

Uncertainties as to recognition or measurement

There has been no insecurity by recognition and measurement of accounting entries in the annual report during the financial year.

Development in activities and financial matters

The net turnover for the year is mDKK 916 against mDKK 889 last year. The results from ordinary activities after tax are DKK -10,3m against DKK -16,8m last year. The result for 2019 has been as expected according to the annual report last year. The management consider the results as acceptabel .

Special risks

Operating risks

The group is mainly order producing and thus, there are no significant business risks related to the group's inventory of finished goods.

The group is exposed to the usual risks within the business, including especially the weather and its influence on price and quality of raw materials used in the group's production.

Exchange rate risks

The result, cash flows, and equity is influenced by development in currency and interest for a number of currencies due to activities abroad.

Currency risks are not revealed by the use of financial instruments. Due to the group's policy, commercial currency risks are not revealed as trade is primarily made with countries that are economically stable.

Know how resources

The ambition of being market leading and ahead of the business' development means that the group is marked by a dynamic knowledge environment in rapid change. This places particularly high demands on the group as regards obtaining a distribution of new knowledge and it complicates an efficient standardization of the products. At the same time, the individual solutions are characterized by a complexity in which the personal knowledge of individual employees plays a crucial role.

Management commentary

During the year, there has been an addition of competent and experienced employees who strengthened the group's knowledge- and competence starting point. Successfully, the competence development investments have increased in 2018 and 2019 and targeted training was well-received by the employees.

The group has an innovation and development department.

The expected development

During the next year, focus will still be on market conditions and the necessary adjustments will be made whilst retaining efficiency and optimization of the production.

The result for the coming financial year is expected to be at a more satisfactory level as in 2019. The group focuses on ongoing growth in sales as well as efficiency improvements to ensure good competitive power. However, based on the present situation with Covid-19, the group's management cannot at present state anything about the financial consequences and expected results for the financial year 2020.

Events subsequent to the financial year

Based on the present situation with Covid-19, the company's management cannot at present state anything about the financial consequences and expected results for the financial year 2020.

Statement of corporate social responsibility

Business model

The Wernsing Scandinavia ApS group is a sub-group for the Scandinavian market for the family-owned Wernsing Food Family GmbH & Co. KG. The group operates as production and trading company with production and sale of processed potato- and vegetable products as well as production of dressings, sauces, and related goods. The company has three production sites in Denmark and Sweden, respectively. Further, the company has agriculture in Denmark with production of crops and piglets.

The group is operated with an ambition of producing and trading in a way so that we can offer eating pleasures of the highest quality to our customers – no matter if they are professionals, food professionals, or consumers. And it is important to us that this is done in a proper way in all respects. It is not possible to operate agriculture, production, and transportation without effecting nature, the environment, and people. Thus, the group is very aware of the responsibility that we have towards the world around us and towards our employees – and each day we strive to act responsibly and sustainably through our entire value chain. Through this, we work unceasingly to find more sustainable solutions of all our operations that effect the world around us and our stakeholders.

At our factories we have the most skilled employees with years of experience and specialty within each their field. Together we care about doing things properly and all the time we are looking at whether something can be done better.

Management commentary

A central benchmark of the group's CSR-strategy is UN's World Goal that sets the frame for a sustainable development of the world towards 2030. From an assessment of the group's core competencies and the areas on which we can make the biggest impact, the group has initially chosen to focus on the World Goal "Responsible consumption and production". We will especially work on a more sustainable and responsible handling of nature resources and waste products, including reducing food waste.

In the group company WFG Denmark A/S, a separate CSR-report has been prepared that comprises this company and its subsidiaries. The CSR-report can be obtained from the website <https://flensted.dk/>.

Wernsing Feinkost GmbH, a company within the parent group, has also prepared a separate CSR-report. This report can be obtained from the website <https://www.wernsing.de/>.

Social matters and employee relations

Policy: We want to be the best possible work place for our employees on which we all have a good and secure working environment, exciting challenges and further possibilities of living our potential. In Wernsing we furthermore believe that diversity creates the most creative dynamics and the best preconditions for development and results.

Risks, actions, and results: The group's employees are the biggest resource by far. Thus, the group's focus must always start with our employees for us to ensure their security and health at job in the best possible way – every single day. Thus, we work according to an overall goal of preventing accidents, damages, and stress with our employees. In 2019, different improvements have been identified and now we initiate an extra effort to minimize the number of work damages. Among other things, we will do this by focusing on "nearly-accidents" so that we can find out what causes the accidents and thus prevent them in the future. We work diligently on strengthening competencies within working environment with representatives and other employees.

Human rights

Policy: The group's policy for CSR also includes policies for human rights for compliance with relevant legislation and EU-conventions. Among other things, this means that there is a group policy to apply with EU's regulation on youth workers within the EU. The group does not allow a behaviour that restricts the employees' freedom of action, just as there is a group policy of securing equal conditions for all employees without regard to ethnic origin, skin colour, gender, nationality, religion, or other characteristics.

Management commentary

Risks, actions, and results: The group acknowledges the employees' right to organize. There are local agreements with several trade unions in both Denmark and Sweden. Significant raw material suppliers are requested to sign a Supplier Code of Conduct. We have a strong focus on food safety, where the group has the necessary certifications.

Environment and climatic conditions

Policy: As a responsible producer of potato products etc., the groups has a policy of reducing the effect that its activities has on the environment and further to contribute actively to the development of sustainable solutions. Thus, as part of the group's strategy and policy the environmental impact is measured, and we work continuously on reducing this. A group goal is to continuously reduce energy consumption, water consumption, and to strengthen a sustainable use of resources.

Risks, actions, and results: The group's most significant risks of negative climatic impact are related to the energy consumption on the group's factories. The group continuously works on reducing the energy consumption and thus the CO₂-emission in the group. We continuously invest in new machinery and improvements that are more energy effective. In the beginning of 2019, we finished the establishment of a wood chip plant at the company Flensted Food Group A/S. The wood chip plant is expected to reduce the group's consumption of nature gas with a yearly reduction of CO₂-emission of 4.800 tons. Through the entire value chain, there is a strong focus on working on reducing food waste. For example, in Denmark we have established a cooperation with FødevareBanken (a food bank) and thus, we donate surplus products to FødevareBanken with the purpose of distributing food to shelters etc. for vulnerable citizens.

Anti-corruption

Policy: Wernsing tolerates no kinds of corruption or bribery.

Risks, actions, and results: The group does not tolerate any kind of bribery charge. It is not allowed for the employees to receive or offer gifts, no matter the nature, that may be considered a reward with the purpose of favouring.

Target figures and policies for the under-represented gender

The group focuses on creation of value and considering the group's size this means that in relation to organizational changes and nomination of new board – and management members the group has to focus on knowledge, competences, and experience with the individual employees.

Management commentary

The group is part of Wernsing Food Family Group with its ultimate parent company, Wernsing Food Family Group GmbH & Co. KG (reg. no. HR A 150156). The top management recognizes the importance of diversity in the management and emphasizes equal opportunities for all, including for both genders. At present, the management of the Danish part of the Wernsing Scandinavia ApS group consists of one woman and one man (50/50). The board consists of the top management in Wernsing Food Family Group (all men). In the Swedish part of the group, the management consists of the top management in Wernsing Food Family Group and a woman as director for one of the Swedish subsidiaries.

The group emphasizes that the board consists of the members from the top management in the ultimate parent company in Wernsing Family Group because of the group's family structure. At present, the board only consists of men, but there is an ongoing process for assessment of the board's right composition where factors as skills and experience, regardless of gender, is crucial for the composition of the board.

The Danish group has a long-term goal of having minimum 40% women in the management. In the Danish group, the broader leadership team consists of six men and three women, which according to policies is considered to be gender equal. In the Swedish part of the group, the broader leadership team consists of three men and one woman.

Accounting policies

The annual report for Wernsing Scandinavia ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Accounting policies

The consolidated annual accounts

The consolidated annual accounts comprise the parent company Wernsing Scandinavia ApS and those group enterprises of which Wernsing Scandinavia ApS directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the merger method is applied, in which case the merger is considered implemented on the first day of the financial year, and restatement of comparative figures is made.

Accounting policies

Minority interests

The items of the group enterprises are recognised by 100 % in the consolidated annual accounts. The minority interests' proportionate share of the profit or loss and the equity of the group enterprises are adjusted annually, and they are recognised as a separate item below the profit and loss account and as a separate item in the balance sheet respectively.

Income statement

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Included in other external expenses are also research expenditure concerning development projects which do not meet the recognition criteria for the balance sheet.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Accounting policies

Results from equity investments in group enterprises and associates

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the individual associates are recognised in the income statement of both the group and the parent as a proportional share of the associate' post-tax profit or loss.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible fixed assets

Acquired rights

Acquired rights are measured at cost with deduction of accrued amortisation. Acquired rights are amortised over the expected period, however, for a maximum of 10 years.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is between 10 and 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategical acquirees with a strong market position and an expected long-term earnings profile.

Accounting policies

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	15-50 years	0
Technical plants and machinery	5-20 years	0-30
Other plants, operating assets, fixtures and furniture	3-10 years	0

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises and associates

Equity in group enterprises and associates recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises and associates with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associates are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises and associates.

Accounting policies

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises and associates are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and associates and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Inventories

Inventories are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Life stock is measured at market value as stated by Research Center for Agriculture Ø90.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Accounting policies

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Wernsing Scandinavia ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Wernsing Scandinavia ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Payable and receivable joint taxation contributions are recognised in the balance sheet as "Receivable corporate tax" or "Payable corporate tax".

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities. Provisions are recognised when the group has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the group.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Liabilities

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

Accounting policies

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the parent.

Income statement 1 January - 31 December

DKK thousand.

Note	Group		Parent	
	2019	2018	2019	2018
2 Net turnover	916.122	889.499	0	0
Other operating income	4.349	4.060	0	0
Raw materials and consumables used	-552.236	-548.970	0	0
Other external costs	-153.920	-157.665	-1.036	-1.561
Gross profit	214.315	186.924	-1.036	-1.561
4 Staff costs	-166.636	-168.987	0	0
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-41.804	-39.627	0	0
Operating profit	5.875	-21.690	-1.036	-1.561
Income from equity investments in group enterprises	0	0	-6.272	-20.134
Income from equity investments in associates	0	1.812	0	0
Other financial income from group enterprises	0	0	4.810	3.932
Other financial income	109	5.454	0	5.105
5 Other financial costs	-10.819	-5.326	-8.996	-3.186
Pre-tax net profit or loss	-4.835	-19.750	-11.494	-15.844
6 Tax on ordinary results	57	2.962	1.145	-944
7 Net profit or loss for the year	-4.778	-16.788	-10.349	-16.788
Break-down of the consolidated profit or loss:				
Shareholders in Wernsing Scandinavia ApS	-10.349	-16.788		
Non-controlling interests	5.571	0		
	-4.778	-16.788		

Statement of financial position at 31 December

DKK thousand.

Assets				
Note	Group		Parent	
	2019	2018	2019	2018
Non-current assets				
8 Acquired rights	1.296	1.452	0	0
9 Goodwill	32.466	38.369	0	0
Total intangible assets	33.762	39.821	0	0
10 Land and property	347.015	350.482	0	0
11 Production plant and machinery	137.743	134.618	0	0
12 Other plants, operating assets, and fixtures and furniture	11.879	13.244	0	0
13 Tangible assets under construction and prepayments for tangible assets	10.198	31.401	0	0
Total property, plant, and equipment	506.835	529.745	0	0
14 Equity investments in group enterprises	0	0	148.686	157.092
15 Equity investments in associated enterprises	0	0	0	0
16 Other receivables	2.845	0	0	0
Total investments	2.845	0	148.686	157.092
Total non-current assets	543.442	569.566	148.686	157.092

Statement of financial position 31 December

DKK thousand.

Assets				
<u>Note</u>	<u>Group</u>		<u>Parent</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current assets				
Raw materials and consumables	41.971	38.803	0	0
Manufactured goods and trade goods	65.170	60.933	0	0
Life stock	14.363	11.517	0	0
Total inventories	<u>121.504</u>	<u>111.253</u>	<u>0</u>	<u>0</u>
Trade debtors	126.798	141.669	0	0
Amounts owed by group enterprises	0	0	500.006	493.676
Receivable corporate tax	1.545	1.064	0	0
Tax receivables from group enterprises	0	0	1.145	0
Other debtors	8.922	8.027	70	0
17 Accrued income and deferred expenses	<u>3.756</u>	<u>3.259</u>	<u>0</u>	<u>0</u>
Total receivables	<u>141.021</u>	<u>154.019</u>	<u>501.221</u>	<u>493.676</u>
Available funds	<u>65.891</u>	<u>46.287</u>	<u>527</u>	<u>4.535</u>
Total current assets	<u>328.416</u>	<u>311.559</u>	<u>501.748</u>	<u>498.211</u>
Total assets	<u>871.858</u>	<u>881.125</u>	<u>650.434</u>	<u>655.303</u>

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities				
Note	Group		Parent	
	2019	2018	2019	2018
Equity				
18	Contributed capital	286.633	286.633	286.633
	Results brought forward	-91.014	-91.014	-78.532
	Equity before non-controlling interest.	195.619	195.619	208.101
19	Non-controlling interests	6.129	0	0
	Total equity	201.748	195.619	208.101
Provisions				
20	Provisions for deferred tax	786	0	0
21	Other provisions	965	0	0
	Total provisions	1.751	0	0
Liabilities other than provisions				
22	Mortgage debt	50.702	0	0
	Total long term liabilities other than provisions	50.702	0	0
	Short-term part of long-term liabilities	7.890	0	0
	Trade creditors	57.082	190	191
	Debt to group enterprises	502.527	453.877	445.320
	Corporate tax	0	0	944
	Other debts	50.158	748	747
	Total short term liabilities other than provisions	617.657	454.815	447.202
	Total liabilities other than provisions	668.359	454.815	447.202
	Total equity and liabilities	871.858	650.434	655.303

Statement of financial position 31 December

DKK thousand.

Equity and liabilities					
<u>Note</u>	Group		Parent		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
1	Subsequent events				
3	Fee, auditor				
23	Charges and security				
24	Contingencies				
25	Related parties				

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Revaluation reserve	Retained earnings	Non-controlling interests	Total
1 January 2018					
January 2018	286.633	0	-57.493	0	229.140
Profit or loss for the year brought forward	0	0	-16.788	0	-16.788
Currency changes	0	0	-4.251	0	-4.251
Equity 1 January 2019	286.633	0	-78.532	0	208.101
Profit or loss for the year brought forward	0	0	-10.349	5.571	-4.778
Currency changes	0	0	-2.133	0	-2.133
Acquisition of shares	0	0	0	558	558
	286.633	0	-91.014	6.129	201.748

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Retained earnings	Total
Equity 1 January 2018	286.633	-57.493	229.140
Profit or loss for the year brought forward	0	-16.788	-16.788
Currency changes	0	-4.251	-4.251
Equity 1 January 2019	286.633	-78.532	208.101
Profit or loss for the year brought forward	0	-10.349	-10.349
Currency changes	0	-2.133	-2.133
	286.633	-91.014	195.619

Statement of cash flows 1 January - 31 December

DKK thousand.

Note	Group	
	2019	2018
Results for the year	-4.778	-16.788
26 Adjustments	48.850	31.779
27 Change in working capital	3.610	-23.698
Cash flow from operating activities before net financials	47.682	-8.707
Interest received and similar amounts	109	5.452
Interest paid and similar amounts	-5.800	-5.326
Cash flow from ordinary activities	41.991	-8.581
Corporate tax paid	-787	142
Cash flow from operating activities	41.204	-8.439
Purchase of intangible fixed assets	-55	-55
Purchase of tangible fixed assets	-20.873	-110.308
Sale of tangible fixed assets	10.356	1.457
28 Purchase of enterprises and activities	0	-4.967
Dividend received from associated enterprises	0	291
Issued seller mortgage bond in connection with sale of tangible fixed assets	-2.845	0
Cash flow from investment activities	-13.417	-113.582
Repayments of long-term debt	-8.027	-7.615
Financing from group enterprises	-156	112.145
Cash flow from financing activities	-8.183	104.530
Changes in available funds	19.604	-17.491
Available funds 1 January 2019	46.287	63.778
Available funds 31 December 2019	65.891	46.287
Available funds		
Available funds	65.891	46.287
Available funds 31 December 2019	65.891	46.287

Notes

DKK thousand.

1. Subsequent events

Based on the present situation with Covid-19, the company's management cannot at present state anything about the financial consequences and expected results for the financial year 2020.

2. Net turnover

Segment information

Activity

	Food	Agriculture	In total
Net turnover	868.347	47.775	916.122

Geographical

	Denmark	Sweden	Other countries in EU	Countries outside EU	In total
Net turnover	507.316	296.127	109.857	2.822	916.122

Group
2019

2018

3. Fee, auditor

Total fee for auditor	1.732	1.977
Fee concerning compulsory audit	935	944
Tax consultancy	93	187
Assurance engagements	46	17
Other services	658	829
	1.732	1.977

Notes

DKK thousand.

4. Staff costs

Salaries and wages	142.340	145.952
Pension costs	10.809	10.279
Other costs for social security	11.760	11.721
Other staff costs	1.727	1.035
	166.636	168.987
Executive board	663	1.260
Average number of employees	348	346

Notes

DKK thousand.

	Group		Parent	
	2019	2018	2019	2018
5. Other financial costs				
Financial costs, group enterprises	4.386	3.399	3.958	3.164
Other financial costs	6.433	1.927	5.038	22
	10.819	5.326	8.996	3.186
6. Tax on ordinary results				
Tax of the results for the year	477	71	-1.145	944
Adjustment for the year of deferred tax	-534	-3.033	0	0
	-57	-2.962	-1.145	944
7. Proposed distribution of the results				
Allocated from results brought forward			-10.349	-16.788
Distribution in total			-10.349	-16.788
8. Acquired rights				
Cost 1 January 2019			1.805	1.750
Translation by use of the exchange rate valid on balance sheet date 31 December 2019			-1	0
Additions during the year			35	55
Cost 31 December 2019			1.839	1.805
Amortisation and writedown 1 January 2019			-353	-175
Amortisation for the year			-190	-178
Amortisation and writedown 31 December 2019			-543	-353
Book value 31 December 2019			1.296	1.452

Notes

DKK thousand.

9. Goodwill

Cost 1 January 2019	97.551	93.694
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-486	362
Additions concerning company transfer	0	8.363
Disposals during the year	0	-4.868
Cost 31 December 2019	97.065	97.551
Amortisation and writedown 1 January 2019	-59.182	-54.626
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	162	482
Amortisation for the year	-5.579	-6.658
Reversal of depreciation, amortisation and writedown, assets disposed of	0	1.620
Amortisation and writedown 31 December 2019	-64.599	-59.182
Book value 31 December 2019	32.466	38.369

	Group	
	31/12 2019	31/12 2018
10. Land and property		
Cost 1 January 2019	506.255	440.007
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-979	-2.617
Additions during the year	2.101	48.263
Disposals during the year	-10.402	0
Transfers	10.709	20.602
Cost 31 December 2019	507.684	506.255
Depreciation and writedown 1 January 2019	-155.773	-145.595
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	371	990
Depreciation for the year	-12.715	-11.168
Reversal of depreciation, amortisation and writedown, assets disposed of	7.448	0
Depreciation and writedown 31 December 2019	-160.669	-155.773
Book value 31 December 2019	347.015	350.482

Notes

DKK thousand.

	Group	
	31/12 2019	31/12 2018
11. Production plant and machinery		
Cost 1 January 2019	475.687	456.370
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-1.576	-3.829
Additions concerning company transfer	0	497
Additions during the year	7.160	17.723
Disposals during the year	-19.740	-1.651
Transfers	20.680	6.577
Cost 31 December 2019	482.211	475.687
Depreciation and writedown 1 January 2019	-341.069	-325.110
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	1.100	2.979
Depreciation for the year	-21.412	-19.713
Reversal of depreciation, amortisation and writedown, assets disposed of	16.913	775
Depreciation and writedown 31 December 2019	-344.468	-341.069
Book value 31 December 2019	137.743	134.618

Notes

DKK thousand.

	Group	
	31/12 2019	31/12 2018
12. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	17.090	5.508
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	-56	-64
Additions during the year	1.426	8.518
Disposals during the year	-1.628	-194
Transfers	0	3.322
Cost 31 December 2019	16.832	17.090
Depreciation and writedown 1 January 2019	-3.846	-1.980
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	19	39
Depreciation for the year	-1.909	-1.905
Reversal of depreciation, amortisation and writedown, assets disposed of	783	0
Depreciation and writedown 31 December 2019	-4.953	-3.846
Book value 31 December 2019	11.879	13.244
13. Tangible assets under construction and prepayments for tangible assets		
Cost 1 January 2019	31.401	26.202
Translation by use of the exchange rate valid on balance sheet date 31 December 2019	0	-103
Additions during the year	10.186	35.804
Transfers	-31.389	-30.502
Cost 31 December 2019	10.198	31.401
Book value 31 December 2019	10.198	31.401

Notes

DKK thousand.

	Parent	
	31/12 2019	31/12 2018
14. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	202.909	167.039
Additions during the year	0	36.330
Cost 31 December 2019	202.909	203.369
Revaluations, opening balance 1 January 2019	-46.277	-21.892
Results for the year before goodwill amortisation	-5.820	-20.134
Translation adjustment at year-end rate	-2.126	-4.251
Revaluation 31 December 2019	-54.223	-46.277
Book value 31 December 2019	148.686	157.092

Notes

DKK thousand.

Group enterprises:

	Domicile	Share of ownership
WFG Denmark A/S	Skovlund, Denmark	100 %
Flensted Food Group A/S	Skovlund, Denmark*	100 %
Flensted Snitgrønt A/S	Skovlund, Denmark*	100 %
Danika Grønt A/S	Billund, Denmark*	100 %
Slice Fruit A/S	Skovlund, Denmark*	100 %
WFG Sweden AB	Ödeshög, Sweden	100 %
Vätternpotatis AB	Ödeshög, Sweden**	100 %
GG Handel i Skara AB	Skara, Sweden**	100 %
CNTB Fastigheter AB	Skara, Sweden**	100 %
Blekinge Delikatesser AB	Karlshamn, Sweden**	100 %
Wernsing Food Solutions AB	Karlshamn, Sweden**	100 %
Hallumgade Invest ApS	Kvong, Denmark	100 %
Hallumgade Farming ApS	Kvong, Denmark***	100 %
Hallumgade Pig Production ApS	Kvong, Denmark***	10 %
LCT Produktion AB	Surte, Sweden**	100 %
=	*Owned by WFG Denmark A/S	%
=	** Owned by WFG Sweden AB	%
=	***Owned by Hallumgade Invest ApS	%

	Group	
	31/12 2019	31/12 2018
15. Equity investments in associated enterprises		
Acquisition sum, opening balance 1 January 2019	0	227
Disposals during the year	0	-227
Cost 31 December 2019	0	0

Notes

DKK thousand.

	Group	
	31/12 2019	31/12 2018
16. Other receivables		
Additions during the year	2.845	0
Cost 31 December 2019	2.845	0
Carrying amount, 31 December 2019	2.845	0
17. Accrued income and deferred expenses		
Accrued income and deferred expenses consists of prepaid expenses concerning insurance premiums and subscriptions.		
18. Contributed capital		
The share capital consists of 2.866.325 shares, each with a nominal value of DKK 100.		
Within the latest five years, no changes in the share capital have taken place.		
19. Non-controlling interests		
Share of the results for the year	5.571	0
Change in connection with purchase of shares	558	0
	6.129	0
20. Provisions for deferred tax		
Deferred tax concerns intangible and tangible fixed assets, prepaid costs and tax loss to carry forward.		

Notes

DKK thousand.

	Group	
	31/12 2019	31/12 2018
21. Other provisions		
Other provisions 1 January 2019	733	733
Change of the year in other provisions	232	0
	965	733
0-1 year	965	733
	965	733
22. Mortgage debt		
Mortgage debt in total	58.592	66.619
Share of amount due within 1 year	-7.890	-7.890
	50.702	58.729
Share of liabilities due after 5 years	18.370	26.205

23. Charges and security

The company Flensted Food Group A/S has granted negative pledge to Skandinaviska Enskilda Banken, Denmark deriving from sale of goods and services relating to Dansk Supermarked A/S.

As security for mortgage debts, tDKK 58.592, mortgage has been granted on land and buildings representing a book value of tDKK 132.895 at 31 December 2019

Notes

DKK thousand.

24. Contingencies

Contingent liabilities

The company has issued a self-declaration guarantee against the subsidiary's balance with mortgage credit institutions. The debt amounts to tDKK 58.590 at balance sheet date.

The company is subject to a jointly co-registration of VAT with Flensted Food Group A/S, Flensted Snitgrønt A/S and WFG Denmark A/S and unlimited jointly and severally liable with the other jointly cooperated VAT-companies for the total VAT.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

25. Related parties

Controlling interest

Wernsing Food Family GmbH & Co. KG, Kartoffelweg 1, 49632 Essen Majority shareholder
(Oldenburg), Germany

Wernsing Food Group GmbH, Kartoffelweg 1, 49632 Essen (Oldenburg), Majority shareholder
Germany

Transactions

All transactions are made on market terms.

Notes

DKK thousand.

Consolidated annual accounts

None of the company's parent companies present consolidated annual accounts.

The ultimate parent company in which the company is included as a subsidiary, is Wernsing Food Family Group GmbH & Co. KG. The consolidated annual accounts can be obtained on www.bundesanzeiger.de.

	Group 2019	2018
26. Adjustments		
Depreciation and amortisation	41.804	39.627
Profit from sale of fixed assets	-4.349	-4.060
Income from equity investments in group enterprises	0	-1.812
Other financial income	-109	-5.454
Other financial costs	10.819	5.326
Tax on ordinary results	-57	-2.962
Other provisions	232	0
Other adjustments	510	1.114
	48.850	31.779
27. Change in working capital		
Change in inventories	-10.251	-16.029
Change in debtors	13.479	-159
Change in trade creditors and other liabilities	382	-7.510
	3.610	-23.698
28. Purchase of enterprises and activities		
Intangible fixed assets	0	4.084
Tangible fixed assets	0	248
Inventories	0	747
Debtors	0	979
Cash funds	0	107
Provisions for deferred tax	0	-58
Other debts	0	-1.140
	0	4.967