Barritskov Holding ApS

Barritskovvej 36, 7150 Barrit

CVR no. 35 81 41 24

Annual report 2018

Approved at the Company's annual general meeting on 31 May 2019

Chairman:

....

Building a better
working world

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Barritskov Holding ApS for the financial year 1 January - 31 December 2018.

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

In my opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2018 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2018.

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

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

Barrit, 31 May 2019
Executive Board:

Thomas Harttung

Independent auditor's report

To the shareholder of Barritskov Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Barritskov Holding ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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 as to 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 the 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:

Independent auditor's report

- 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 31 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised Public Accountant
mne24820

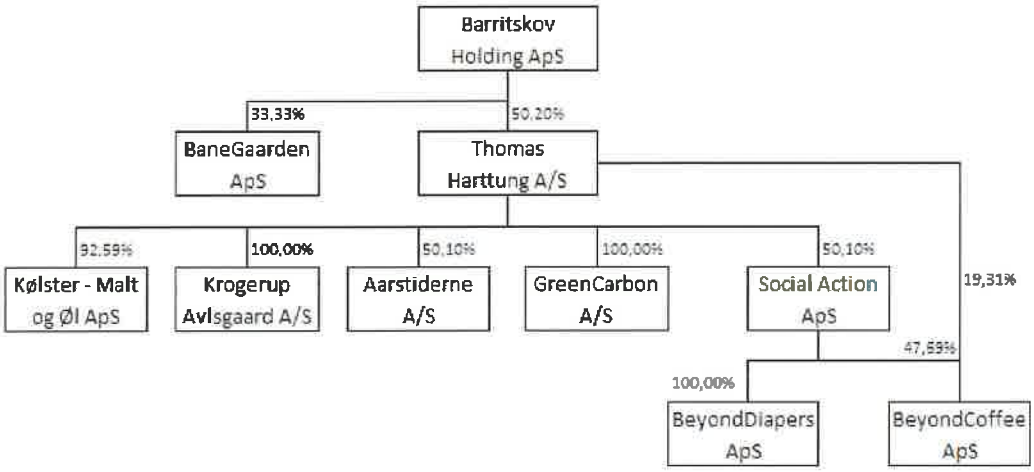
Management's review

Company details

Name	Barritskov Holding ApS
Address, Postal code, City	Barritskovvej 36, 7150 Barrit
CVR no.	35 81 41 24
Established	24 March 2014
Registered office	Hedensted
Financial year	1 January - 31 December
Executive Board	Thomas Harttung
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2018	2017	2016	2015
Key figures				
Revenue	692,973	677,797	569,795	453,619
Gross margin	173,145	178,485	153,242	123,524
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	31,661	58,724	55,004	46,074
Operating profit/loss	13,443	44,606	43,666	37,096
Net financials	-1,041	-961	-1,253	-436
Profit/loss for the year	10,801	59,738	35,267	29,117
Total assets	230,079	242,252	212,995	182,509
Share capital	251	251	251	251
Equity	108,007	118,489	96,951	84,108
Cash flows from operating activities	21,769	73,478	46,659	16,972
Net cash flows from investing activities	-28,752	-16,201	-41,976	-9,428
Investment in property, plant and equipment	-25,247	-9,330	0	0
Cash flows from financing activities	-14,485	-44,917	-11,429	5,883
Total cash flows	-21,468	12,360	-6,746	13,427
Financial ratios				
Operating margin	1.9%	6.6%	7.7%	7.7 %
Gross margin	25.0%	26.3%	26.9%	27.2%
Equity ratio	19.8%	22.4%	23.0%	27.4%
Return on equity	4.0%	39.4%	15.8%	0.0%
Return on capital employed	23.8%	86.5%	109.3%	115.8%
Average number of employees	281	234	196	155

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin $$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$$

Gross margin ratio $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year excl. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$$

Return on capital employed $$\frac{\text{Operating profit x 100}}{\text{Average operating assets}}$$

Management's review

Business review

The primary activity of the Company is to act as a holding company and as a long-term owner of sustainably managed forests and agricultural land.

The principal activities of the Group are to deliver organic products and meal solutions directly to private households, offices, catering companies and other businesses and institutions.

Objective

The Group recreates the close links between the work of the organic farmer and the work in every kitchen - transforming the bounties of the land into feasts of good, nutritious, seasonal and inspired food.

Financial review

Revenue from forestry and farming increased by 50% to DKK 3.1 million and EBIT came in at DKK 1.3 million after a profit of DKK 0.6 million in 2017. The improved performance is expected to continue in 2019.

At Group level, revenue increased by DKK 15 million to DKK 693 million, and net profit dropped sharply from DKK 60 million to DKK 11 million, mainly driven by unfavorable weather conditions which affected the revenue and bottom line of Aarstiderne A/S. The balance sheet at 31 December 2018 showed equity of DKK 56 million after the distribution of dividends of DKK 8 million, compared to the balance sheet at 31 December 2017, which showed equity of DKK 48.9 million.

The parent company's equity ratio was 43% at the end of 2018 compared to 54% in 2017. A large part of the decrease in equity is attributable to the acquisition of treasury shares in Aarstiderne. Leaving aside that effect, equity would be DKK 10 million higher and the equity ratio would be 52%.

The parent company's share of the Group's net profit was DKK 2 million.

Non-financial matters

Special risks

Price risks

The Group maintains comprehensive cooperation with growers inside and outside of Denmark. As a consequence, the forward price situation is well known within a 12-month perspective. This unique collaboration was further deepened in 2018 through continued concerted efforts.

Currency risks

More than 80% of revenue is received in DKK.

The Group pays its foreign suppliers predominantly in EUR, DKK and SEK.

While impacting immediate profitability of the Swedish branch, fluctuations in the value of SEK are not seen to pose any material risk to the Group. Notwithstanding, the Group has decided to hedge its exposure to SEK on a rolling 12-month basis from late 2018 and onwards.

Knowledge resources

The Group continuously accumulates internal knowledge with regard to its business model, customers and suppliers on a continual basis. Throughout 2018, emphasis was put on developing the cooperation with suppliers, expanding the diversity and the level of cooperation with farmers and producers of organic food. In 2018, emphasis has also been put on the continuing development and further deepening of the relationship with the customers among others through a line of initiatives such as invitations to country kitchens.

Co-workers' commitment and ability to take charge of their situation are encouraged through cross cutting work groups and development projects. The Aarstiderne Academy was stablished in 2018 as a way to structure and improve the education and development of co-workers in the form of short courses. The Academy is run solely with an internal teaching staff, i.e. managers and specialists, and real and relevant day-to-day issues are used as starting points for the courses.

Management's review

Impact on the external environment

As an organically certified entity and based on its Articles of Association, Aarstiderne is committed to minimising its energy consumption, avoiding any unnecessary negative impact on the environment and using local resources to the extent possible. This is reflected in a comprehensive Environmental Assessment Report, which governs company policy in this area and establishes frameworks for engagement and action plans.

The Group engages in carbon accounting, emissions are monitored, and reduction projects are assessed.

The Group maintained its organic and FSC certification throughout the financial year.

Research and development activities

In 2018, the ongoing impact initiatives have been strengthened by hiring a skilled specialist to further develop Group performance and reporting.

The Group has grown a number of heirloom varieties of peas and beans and tested their use for the purpose of reinventing the supply of plant-based protein from Danish sources. The project is run in cooperation with other organic farmers and The Danish Technological Institute. In corporation with the University of Aarhus, a local hospital and the organic farmer's organisation bitter tasting vegetables are tested aiming at finding the right varieties to supply diabetes 2 patients with the right metabolites to better control the medical disorder.

Foreign branches

The Group maintains a branch in Sweden.

Statutory CSR report

The statutory CSR report is published on the Company's website:
https://www.barritskov.com/CSR

Account of the gender composition of Management

The Company has no Board of Directors and it's Executive Board has only one member, so the Company is not covered by the requirements on target figures and giving an explanation.

The main subsidiary Thomas Harttung A/S has adopted a policy of gender diversity at the Board of Directors level and through out its majority owned subsidiaries.

Outlook

The agricultural and forestry assets will deliver strong returns in 2019, due to favorable market and weather conditions.

Net profit in 2019 from operating companies at Group level, is expected to reach DKK 50 million.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
2	Revenue	692,973	677,797	3,084	1,954
	Other operating income	3,619	3,007	0	0
	Raw materials and consumables	-339,097	-340,212	0	0
	Other external expenses	-184,350	-162,107	-1,637	-1,279
	Gross margin	173,145	178,485	1,447	675
3	Staff costs	-141,484	-119,761	-124	-27
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-18,218	-14,118	-59	-43
	Profit before net financials	13,443	44,606	1,264	605
	Income from investments in group entities	1,197	26,187	1,818	20,763
	Income from investments in associates	190	0	0	0
	Financial income	1,132	1,040	1	0
4	Financial expenses	-2,173	-2,001	-1,096	-1,148
	Profit before tax	13,789	69,832	1,987	20,220
5	Tax for the year	-2,988	-10,094	25	112
	Profit for the year	10,801	59,738	2,012	20,332

	Specification of the Group's results of operations:		
	Shareholder in Barritskov Holding ApS	2,012	20,332
	Non-controlling interests	8,789	39,406
		10,801	59,738

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	ASSETS				
	Fixed assets				
6	Intangible assets				
	Group goodwill	10,384	12,966	0	0
	IT platform	9,876	9,409	0	0
	Intellectual property rights and trademarks	5,371	6,174	0	0
	Acquired other similar rights	150	250	0	0
	Goodwill	1,463	1,665	0	0
		27,244	30,464	0	0
7	Property, plant and equipment				
	Land and buildings	69,509	59,596	69,509	59,596
	Other fixtures and fittings, tools and equipment	38,855	33,917	116	61
	Leasehold improvements	4,252	4,024	0	0
	Property, plant and equipment in progress	1,549	2,125	0	0
		114,165	99,662	69,625	59,657
8	Investments				
	Investments in group entities, net asset value	0	0	35,419	36,205
	Investments in associates, net asset value	20	0	20	0
		20	0	35,439	36,205
	Total fixed assets	141,429	130,126	105,064	95,862
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	2,723	1,686	0	0
	Finished goods and goods for resale	16,177	17,911	435	0
		18,900	19,597	435	0
	Receivables				
	Trade receivables	21,609	21,279	5	1,331
	Receivables from group entities	0	0	150	347
10	Deferred tax assets	0	0	151	146
	Income taxes receivable	0	1,313	0	1,313
	Joint taxation contribution receivable	578	0	0	0
	Other receivables	9,317	8,164	509	0
9	Prepayments	4,656	6,739	1	0
		36,160	37,495	816	3,137
	Securities and investments				
	Other securities and investments	105	71	0	0
		105	71	0	0
	Cash	33,485	54,963	90	2,288
	Total non-fixed assets	88,650	112,126	1,341	5,425
	TOTAL ASSETS	230,079	242,252	106,405	101,287

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2018	2017	2018	2017
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	251	251	251	251
	Net revaluation reserve according to the equity method	0	0	0	0
	Retained earnings	45,358	54,004	45,358	54,004
	Dividend proposed for the year	54	0	54	0
	Shareholders in Barritskov Holding ApS' share of equity	45,663	54,255	45,663	54,255
	Non-controlling interests	62,344	64,234	0	0
	Total equity	108,007	118,489	45,663	54,255
	Provisions				
10	Deferred tax	3,006	3,048	0	0
	Total provisions	3,006	3,048	0	0
	Liabilities other than provisions				
11	Non-current liabilities other than provisions				
	Mortgage debt	33,894	24,250	33,894	24,250
	Lease liabilities	4,973	7,167	0	0
	Deposits	12	0	12	0
		38,879	31,417	33,906	24,250
	Current liabilities other than provisions				
11	Current portion of long-term liabilities	2,488	2,438	294	292
	Bank debt	0	10	0	0
	Prepayments received from customers	843	994	0	0
	Trade payables	40,570	49,974	53	55
	Payables to group entities	0	0	19,038	13,021
	Income taxes payable	503	0	503	0
	Joint taxation contribution payable	578	0	577	2,798
	Payables to shareholders and management	3	285	3	285
	Deposits	972	1,217	0	0
	Other payables	34,067	33,980	6,368	6,331
	Deferred income	163	400	0	0
		80,187	89,298	26,836	22,782
	Total liabilities other than provisions	119,066	120,715	60,742	47,032
	TOTAL EQUITY AND LIABILITIES	230,079	242,252	106,405	101,287

1 Accounting policies
12 Contractual obligations and contingencies, etc.
13 Collateral
14 Related parties
15 Fee to the auditors appointed by the Company in general meeting

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group					
		Share capital	Retained earnings	Dividend proposed for the year	Total	Non-controlling interests	Total equity
	Equity at 1 January 2017	251	48,672	0	48,923	48,027	96,950
	Transfer through appropriation of profit	0	20,332	0	20,332	39,406	59,738
	Other value adjustments of equity	0	0	0	0	194	194
	Extraordinary dividend distributed	0	-15,000	0	-15,000	-23,393	-38,393
	Equity at 1 January 2018	251	54,004	0	54,255	64,234	118,489
	Transfer through appropriation of profit	0	1,958	54	2,012	8,789	10,801
	Other value adjustments of equity	0	-2,604	0	-2,604	-6,579	-9,183
	Extraordinary dividend distributed	0	-8,000	0	-8,000	-4,100	-12,100
	Equity at 31 December 2018	251	45,358	54	45,663	62,344	108,007

Note	DKK'000	Parent company				
		Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
	Equity at 1 January 2018	251	0	54,004	0	54,255
16	Transfer, see "Appropriation of profit"	0	1,818	140	54	2,012
	Other value adjustments of equity	0	-1,818	-786	0	-2,604
	Extraordinary dividend distributed	0	0	-8,000	0	-8,000
	Equity at 31 December 2018	251	0	45,358	54	45,663

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2018	Group 2017
	Profit for the year	10,801	59,738
17	Adjustments	19,350	16,490
	Cash generated from operations (operating activities)	30,151	76,228
18	Changes in working capital	-9,133	10,387
	Cash generated from operations (operating activities)	21,018	86,615
	Interest received, etc.	764	1,040
	Interest paid, etc.	-1,807	-2,001
	Income taxes paid	1,794	-12,176
	Cash flows from operating activities	21,769	73,478
	Additions of intangible assets	-5,547	-6,216
	Additions of property, plant and equipment	-25,247	-9,330
	Disposals of intangible assets and property, plant and equipment	30	0
	Acquisition of companies	-20	327
	Changes in investments in subsidiaries	2,032	-982
	Cash flows to investing activities	-28,752	-16,201
	Dividends distributed	-12,100	-38,393
	Proceeds of long-term liabilities	9,956	0
	Repayments, long-term liabilities	-2,504	-6,524
	Acquisition of treasury shares	-10,002	0
	Cash capital increase	165	0
	Cash flows from financing activities	-14,485	-44,917
	Net cash flow	-21,468	12,360
	Cash and cash equivalents at 1 January	54,953	42,593
19	Cash and cash equivalents at 31 December	33,485	54,953

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Barritskov Holding ApS for 2018 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign currency translation

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

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Public grants

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only where they are not expected to be repaid.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

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

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Amortisation is recognised in the income statement.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

IT platform	3-5 years
Intellectual property rights and trademarks	5-20 years
Acquired other similar rights	20 years
Goodwill	20 years
Group goodwill	10-20 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Buildings	50 years
Other fixtures and fittings, tools and equipment	2-10 years

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Profit from investments in subsidiaries and associates

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over a period of 20 years or less, as this amortisation period is considered the best way to reflect the utility of the resources in question.

Other intangible assets comprise the IT platform, ongoing development projects, intellectual property rigths and trademarks.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development projects regarding products and processes that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project or the process in question, are recognised as intangible assets. Other development costs are recognised in the income statement when incurred.

Development costs comprise costs, including salaries and travelling expenses that are directly and indirectly attributable to the development projects.

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually five years.

The IT platform is measured at cost less accumulated amortisation and impairment. Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Intellectual property rights and trademarks are measured at cost less accumulated amortisation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries and associates are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Prepayments from customers comprise payments received concerning income invoiced in the following year.

Advance invoicing of revenue comprises revenue excluding VAT on goods invoiced, but not yet delivered.

Deposits from customers comprise deposits invoiced to the subscribers.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

2 Segment information

Group revenue relates to the delivery of organic meal solutions and vegetable boxes to private households in Denmark and Sweden, to the supply of organic fresh produce to restaurants, caterers and businesses, to the brewing of Demeter beer and Cider at Krogerup and to the production of oyster mushrooms from spent coffee grounds in Greater Copenhagen. Management consider the activity as one segment.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
3	Staff costs				
	Wages/salaries	129,570	110,148	123	27
	Pensions	10,330	8,434	0	0
	Other social security costs	1,630	1,306	1	0
	Other staff costs	70	44	0	0
	Staff costs transferred to non-current assets	-116	-171	0	0
		141,484	119,761	124	27

	Group		Parent company	
	2018	2017	2018	2017
Average number of full-time employees	281	234	1	1

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to group Management is not disclosed.

Parent company

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
4	Financial expenses				
	Interest expenses, group entities	0	0	303	414
	Other financial expenses	2,173	2,001	793	734
		2,173	2,001	1,096	1,148

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2018	2017	2018	2017
5	Tax for the year				
	Estimated tax charge for the year	2,967	8,581	-20	-121
	Deferred tax adjustments in the year	21	1,411	-5	9
	Tax adjustments, prior years	0	102	0	0
		2,988	10,094	-25	-112

6 Intangible assets

	Group					
DKK'000	Group goodwill	IT platform	Intellectual property rights and trademarks	Acquired other similar rights	Goodwill	Total
Cost at 1 January 2018	29,312	23,055	12,780	2,000	3,818	70,965
Additions in the year	0	5,547	0	0	0	5,547
Disposals in the year	-1,153	-3,299	-55	0	0	-4,507
Cost at 31 December 2018	28,159	25,303	12,725	2,000	3,818	72,005
Impairment losses and amortisation at 1 January 2018	16,346	13,646	6,606	1,750	2,153	40,501
Amortisation/depreciation in the year	1,429	5,038	803	100	202	7,572
Reversal of depreciation and impairment of disposals	0	-3,257	-55	0	0	-3,312
Impairment losses and amortisation at 31 December 2018	17,775	15,427	7,354	1,850	2,355	44,761
Carrying amount at 31 December 2018	10,384	9,876	5,371	150	1,463	27,244
Amortised over	10-20 years	3-5 years	5-20 years	20 years	20 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

	Group			
DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2018	59,666	68,976	2,125	142,212
Additions in the year	9,931	12,804	1,549	25,245
Disposals in the year	0	-1,291	0	-1,291
Transfer from other accounts	0	2,125	-2,125	0
Cost at 31 December 2018	69,597	82,614	1,549	166,166
Impairment losses and depreciation at 1 January 2018	70	35,059	0	42,550
Amortisation/depreciation in the year	18	9,895	0	10,646
Reversal of amortisation/depreciation and impairment of disposals	0	-1,195	0	-1,195
Impairment losses and depreciation at 31 December 2018	88	43,759	0	52,001
Carrying amount at 31 December 2018	69,509	38,855	1,549	114,165
Property, plant and equipment include finance leases with a carrying amount totalling	0	7,274	0	7,274
Depreciated over	50 years	2-10 years		

	Parent company		
DKK'000	Land and buildings	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2018	59,666	127	59,793
Additions in the year	9,931	97	10,028
Cost at 31 December 2018	69,597	224	69,821
Impairment losses and depreciation at 1 January 2018	70	66	136
Amortisation/depreciation in the year	18	42	60
Impairment losses and depreciation at 31 December 2018	88	108	196
Carrying amount at 31 December 2018	69,509	116	69,625
Depreciated over	50 years	3 years	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Investments

DKK'000	Group Investments in associates, net asset value
Cost at 1 January 2018	0
Additions in the year	20
Cost at 31 December 2018	20
Value adjustments at 1 January 2018	0
Value adjustments at 31 December 2018	0
Carrying amount at 31 December 2018	20

Group

Name	Domicile	Interest	Profit/loss DKK'000
Associates			
BaneGaarden ApS	Copenhagen	33.33%	0

	Parent company		
DKK'000	Investments in group entities, net asset value	Investments in associates, net asset value	Total
Cost at 1 January 2018	41,762	0	41,762
Additions in the year	0	20	20
Cost at 31 December 2018	41,762	20	41,782
Value adjustments at 1 January 2018	-5,557	0	-5,557
Share of the profit/loss for the year	1,918	0	1,918
Equity adjustments, investments	-2,605	0	-2,605
Impairment losses	-99	0	-99
Value adjustments at 31 December 2018	-6,343	0	-6,343
Carrying amount at 31 December 2018	35,419	20	35,439

The carrying amount of group entities comprises a share of the entities' net asset value, DKK 33,927 thousand and goodwill at a carrying amount of DKK 1,492 thousand.

Parent company

Name	Domicile	Interest
Subsidiaries		
Thomas Harttung A/S	Hedensted	50.20%
Associates		
BaneGaarden ApS	Copenhagen	33.33%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Prepayments

Group

Prepayments comprise prepaid costs regarding rent, insurance premium, subscriptions and returnable packages and boxes.

	Group		Parent company	
DKK'000	2018	2017	2018	2017
10 Deferred tax				
Deferred tax at 1 January	3,048	1,676	-146	-155
Deferred tax adjustment in the year, income statement	21	1,411	-5	9
Deferred tax adjustment in the year, equity	-63	0	0	0
Deferred tax on corporate acquisition	0	-39	0	0
Deferred tax at 31 December	3,006	3,048	-151	-146

Deferred tax relates to:

	Group		Parent company	
DKK'000	2018	2017	2018	2017
Intangible assets	3,342	3,546	0	0
Property, plant and equipment	-851	-661	16	12
Inventories	676	541	0	0
Receivables	138	69	0	0
Liabilities	88	-53	0	0
Tax loss	-220	-236	0	0
Other non-taxable temporary differences	-167	-158	-167	-158
	3,006	3,048	-151	-146

11 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	34,188	294	33,894	32,612
Lease liabilities	7,167	2,194	4,973	0
Deposits	12	0	12	0
	41,367	2,488	38,879	32,612

	Parent company			
DKK'000	Total debt at 31/12 2018	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Mortgage debt	34,188	294	33,894	32,612
Deposits	12	0	12	0
	34,200	294	33,906	32,612

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK'000	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Guarantee commitments	300	300	0	0
Other contingent liabilities	1,592	5,266	0	0
	1,892	5,566	0	0

Group

The Group has entered into a lease, which is interminable until termination at 31 March 2048 with a yearly leasehold fee of DKK 995 thousand. The total obligation amounts to DKK 1,592 thousand.

For the fulfillment of Krogerup Avlsgaard A/S' obligations to the lessor, a bank guarantee of DKK 300 thousand has been provided as collateral.

Other financial obligations

Other rent and lease liabilities:

DKK'000	Group 2018	Group 2017	Parent company 2018	Parent company 2017
Rent and lease liabilities	39,062	41,150	0	0

Group

The Group has entered into leases for office space, warehouses, terminals and warehousing with a rent commitment for 2019-2025 of DKK 33,273 thousand (2017: DKK 38,931 thousand).

The operating lease commitment totals DKK 5,789 thousand (2017: DKK 4,368 thousand).

Parent company

As management company, the Company is jointly taxed with other Danish group entities. Together with other jointly taxed group entities, the Company has joint and several liability for payment of income taxes and withholding taxes.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Collateral

Group

As collateral for the Group's debt to mortgage credit institutions and other credit institutions, the Group has placed assets or other items as collateral worth a total of DKK 59,188 thousand. The total carrying amount of the assets having been provided as security is DKK 161,558 thousand. Breakdown of the collateral and the carrying amount:

Land and buildings at a carrying amount of DKK 59,595 thousand at 31 December 2018 have been provided as collateral for debt to mortgage credit institutions, totalling DKK 24,542 thousand.

Amounts owed to Sydbank are secured by a letter of indemnity, DKK 17,000 thousand (2017: DKK 17,000 thousand), secured on trade receivables, inventories, operating equipment, goodwill and intellectual property rights.

The Group has issued letters of indemnity totalling DKK 8,000 thousand secured on fixtures and fittings, tools and equipment.

Parent company

As security for the parent company's debt to mortgage credit institutions, the parent company has placed assets or other items as collateral worth a total of DKK 34,188 thousand. The total carrying amount of the assets having been provided as collateral is DKK 69,509 thousand. Breakdown of the collateral and the carrying amount:

Land and buildings at a carrying amount of DKK 69,509 thousand at 31 December 2018 have been provided as collateral for debt to mortgage credit institutions, totalling DKK 34,188 thousand.

14 Related parties

Group

Barritskov Holding ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thomas Harttung	Hedensted	Majority shareholder

Related party transactions

There are no intra-group transactions that have not been carried through on normal market terms.

All transactions have been carried out on an arm's length basis.

Parent company

Parties exercising control

Related party	Domicile	Basis for control
Thomas Harttung	Hedensted	Majority shareholder

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

Transactions with related parties

There are no intra-group transactions that have not been carried through on normal market terms.

All transactions have been carried out on an arm's length basis.

	DKK'000	Group 2018	Group 2017
15	Fee to the auditors appointed by the Company in general meeting		
	Total fees to EY	376	451
	Statutory audit	185	190
	Assurance engagements	0	18
	Tax assistance	31	32
	Other assistance	160	211
		376	451

	DKK'000	Parent company 2018	Parent company 2017
16	Appropriation of profit		
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	54	0
	Extraordinary dividend distributed in the year	8,000	15,000
	Net revaluation reserve according to the equity method	1,818	20,763
	Retained earnings/accumulated loss	-7,860	-15,431
		2,012	20,332
17	Adjustments		
	Amortisation/depreciation and impairment losses	18,219	14,118
	Gain/loss on the sale of non-current assets	108	0
	Financial income	-764	-1,040
	Financial expenses	1,807	2,001
	Deferred tax	-20	1,411
		19,350	16,490
18	Changes in working capital		
	Change in inventories	698	-5,787
	Change in receivables	-5,161	4,551
	Change in trade and other payables	-4,411	11,624
	Other changes in working capital	-259	-1
		-9,133	10,387
19	Cash and cash equivalents at year-end		
	Cash according to the balance sheet	33,485	54,963
	Short-term debt to banks	0	-10
		33,485	54,953