Grant Thornton

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WFG Denmark A/S

Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 36 43 27 13

Annual report

1 January - 31 December 2018

The annual report was submitted and approved by the general meeting on the 29 May 2019.

Martin Kuper
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of WFG Denmark A/S for the financial year 1 January to 31 December 2018.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ansager, 29 May 2019

Executive board

Martin Zwinkels	Lene Vinge Rasmussen	Jørgen Bonde Østergaard

Board of directors

Stefan Wernsing Chairman	Martin Kuper	Martin Zwinkels

Independent auditor's report

To the shareholders of WFG Denmark A/S

Opinion

We have audited the annual accounts of WFG Denmark A/S for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 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 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 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 annual accounts

The management is responsible for the preparation of 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 annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating 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 annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether 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 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:

Independent auditor's report

- Identify and assess the risks of material misstatement in 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 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 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 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 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in 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 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 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 annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Independent auditor's report

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 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, 29 May 2019

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

Brian Rasmussen
State Authorised Public Accountant
mne30153

Company data

The company	WFG Denmark A/S Adelvej 9 Skovlund 6823 Ansager	
	Company reg. no.	36 43 27 13
	Financial year:	1 January - 31 December
Board of directors	Stefan Wernsing, Chairman Martin Kuper Martin Zwinkels	
Executive board	Martin Zwinkels Lene Vinge Rasmussen Jørgen Bonde Østergaard	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Wernsing Scandinavia ApS	
Subsidiaries	Flensted Food Group A/S, Varde Flensted Snitgrønt A/S, Varde Danika Grønt A/S, Billund Slice Fruit A/S, Varde	

Management's review

The principal activities of the company

The principal activity of the company is to be parent company of fully owned Danish subsidaries.

Development in activities and financial matters

The results for the year amount to DKK -12,8m (last year -2,1m) and is in line with the management expectations.

The result is significantly impacted by the financial performance in the company subsidaries.

Accounting policies used

The annual report for WFG Denmark A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of WFG Denmark A/S and its group enterprises are included in the consolidated annual accounts for Wernsing Scandinavia ApS, Varde, CVR nr. 30507029.

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.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other external costs comprise costs for administration.

Staff costs

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

Depreciation, amortisation and writedown

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

Accounting policies used

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.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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

Tangible fixed assets

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:

	Useful life
Other plants, operating assets, fixtures and furniture	3-5 years

Accounting policies used

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.

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.

Leasing contracts

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both 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 investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Accounting policies used

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition 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 decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out 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 they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Available funds

Available funds comprise cash at bank.

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.

Accounting policies used

According to the rules of joint taxation, WFG Denmark A/S 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.

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

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

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.

Liabilities

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2018	2017
	Gross profit	**2.819.574**	**2.898.377**
1	Staff costs	-2.778.268	-2.821.536
	Depreciation and writedown relating to tangible fixed assets	-105.000	-126.250
	Other operating costs	0	-21.750
	Operating profit	**-63.694**	**-71.159**
	Income from equity investments in group companies	-12.667.674	-2.338.215
	Other financial income from group companies	2.238.918	2.037.513
2	Other financial costs	-2.414.489	-1.662.471
	Results before tax	**-12.906.939**	**-2.034.332**
3	Tax on ordinary results	75.307	-66.854
	Results for the year	**-12.831.632**	**-2.101.186**
	Proposed distribution of the results:		
	Allocated from results brought forward	-12.831.632	-2.101.186
	Distribution in total	**-12.831.632**	**-2.101.186**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2018	2017
	Fixed assets		
4	Other plants, operating assets, and fixtures and furniture	105.000	210.000
	Tangible fixed assets in total	105.000	210.000
5	Equity investments in group enterprises	150.637.730	133.765.784
	Financial fixed assets in total	150.637.730	133.765.784
	Fixed assets in total	**150.742.730**	**133.975.784**
	Current assets		
	Amounts owed by group companies	291.451.017	237.170.217
	Deferred tax assets	86.316	99.688
	Receivable corporate tax	88.679	0
	Debtors in total	291.626.012	237.269.905
	Available funds	98.344	121.297
	Current assets in total	**291.724.356**	**237.391.202**
	Assets in total	**442.467.086**	**371.366.986**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2018	2017
	Equity		
6	Contributed capital	500.000	500.000
7	Results brought forward	104.647.194	117.478.826
	Equity in total	**105.147.194**	**117.978.826**
	Liabilities		
	Bank debts	0	1.266
	Trade creditors	40.000	40.000
	Debt to group companies	335.928.189	251.915.563
	Corporate tax	0	15.830
	Other debts	1.351.703	1.415.501
	Short-term liabilities in total	337.319.892	253.388.160
	Liabilities in total	**337.319.892**	**253.388.160**
	Equity and liabilities in total	**442.467.086**	**371.366.986**

8 Contingencies

9 Related parties

Notes

All amounts in DKK.

		2018	2017
1.	**Staff costs**		
	Salaries and wages	2.765.623	2.744.051
	Pension costs	0	59.225
	Other costs for social security	12.645	18.260
		2.778.268	**2.821.536**
	Average number of employees	2	2
2.	**Other financial costs**		
	Financial costs, group companies	2.370.573	1.658.362
	Other financial costs	43.916	4.109
		2.414.489	**1.662.471**
3.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	-88.679	15.830
	Adjustment for the year of deferred tax	13.372	51.024
		-75.307	**66.854**
4.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2018	525.000	1.130.000
	Disposals during the year	0	-605.000
	Cost 31 December 2018	**525.000**	**525.000**
	Depreciation and writedown 1 January 2018	-315.000	-411.167
	Depreciation for the year	-105.000	-126.250
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	222.417
	Depreciation and writedown 31 December 2018	**-420.000**	**-315.000**
	Book value 31 December 2018	**105.000**	**210.000**

Notes

All amounts in DKK.

		31/12 2018	31/12 2017
5.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2018	144.094.677	144.094.677
	Additions during the year	30.000.000	0
	Disposals during the year	-500.000	0
	Cost 31 December 2018	**173.594.677**	**144.094.677**
	Revaluations, opening balance 1 January 2018	6.308.329	1.532.931
	Results for the year before goodwill amortisation	-9.966.958	4.775.398
	Reversals for the year concerning disposals	16.850	0
	Revaluation 31 December 2018	**-3.641.779**	**6.308.329**
	Amortisation of goodwill, opening balance 1 January 2018	-19.778.339	-12.664.726
	Amortisation and writedown of goodwill for the year	-2.700.716	-7.113.613
	Depreciation on goodwill 31 December 2018	**-22.479.055**	**-19.778.339**
	Offsetting against debtors	3.163.887	3.141.117
	Set off against debtors and provisions for liabilities	**3.163.887**	**3.141.117**
	Book value 31 December 2018	**150.637.730**	**133.765.784**

Group enterprises:

	Domicile	Share of ownership
Flensted Food Group A/S	Varde	100 %
Flensted Snitgrønt A/S	Varde	100 %
Danika Grønt A/S	Billund	100 %
Slice Fruit A/S	Varde	100 %

		31/12 2018	31/12 2017
6.	**Contributed capital**		
	Contributed capital 1 January 2018	500.000	500.000
		500.000	**500.000**

The share capital consists of 500 shares, each with a nominal value of DKK 1,000. No shares hold particular rights.

Notes

All amounts in DKK.

	31/12 2018	31/12 2017
7. Results brought forward		
Results brought forward 1 January 2018	117.478.826	119.580.012
Profit or loss for the year brought forward	-12.831.632	-2.101.186
	104.647.194	**117.478.826**

8. Contingencies

Contingent liabilities

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

Joint taxation

Wernsing Scandinavia ApS, company reg. no 30507029 being the administration company, the company is 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 jointly taxed enterprises' total known net liability to the Danish tax authorities appears from the annual accounts of the administration company.

9. Related parties

Consolidated annual accounts

The consolidated annual accounts for Wernsing Scandinavia ApS can be obtained on https://datacvr.virk.dk/data/. The ultimate parent company in which the company is included as a subsidary, is Wernsing Food Family Group GmbH & Co. KG, Germany. The consolidated annual accounts can be obtained on www.bundesanzeiger.de.