

WFG Denmark A/S

Adelvej 9, Skovlund, 6823 Ansager

Company reg. no. 36 43 27 13

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 19 May 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

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 2019.

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 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

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

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

Ansager, 19 May 2020

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 2019, 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 2019 and of the results of the company's operations 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 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, 19 May 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	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 commentary

The principal activities of the company

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

Development in activities and financial matters

The results for the year amount to DKK -9,4m (last year -12,8m). The result is lower than originally expected.

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

The result for the upcoming financial year was expected to be at more satisfactory level than in 2019. However, 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.

Accounting policies

The annual report for WFG Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

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

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of WFG Denmark A/S and its group enterprises are included in the consolidated financial statements 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.

Income statement

Gross profit

Gross profit comprises the revenue, other operating income, and external costs.

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.

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

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.

Accounting policies

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on and writedown relating to 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.

Results from equity investments in group enterprises

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 as a proportional share of the group enterprises' 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 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.

Accounting policies

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

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.

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 company's total liabilities concerning operating leases and lease 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 in group enterprises

Equity in group enterprises 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.

Accounting policies

Group enterprises 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 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.

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 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 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.

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.

Available funds

Available funds comprise cash at bank.

Accounting policies

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.

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.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	3.117.836	2.819.574
1 Staff costs	-2.556.701	-2.778.268
2 Depreciation and writedown relating to tangible fixed assets	-71.386	-105.000
Operating profit	489.749	-63.694
Income from equity investments in group companies	-9.471.555	-12.667.674
Other financial income from group companies	2.647.593	2.238.918
3 Other financial costs	-3.051.590	-2.414.489
Pre-tax net profit or loss	-9.385.803	-12.906.939
4 Tax on ordinary results	-8.937	75.307
Net profit or loss for the year	-9.394.740	-12.831.632
 Proposed appropriation of net profit:		
Allocated from retained earnings	-9.394.740	-12.831.632
Total allocations and transfers	-9.394.740	-12.831.632

Statement of financial position 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
5 Other plants, operating assets, and fixtures and furniture	404.520	105.000
Total property, plant, and equipment	<u>404.520</u>	<u>105.000</u>
6 Equity investments in group enterprises	181.502.288	150.637.730
Total investments	<u>181.502.288</u>	<u>150.637.730</u>
Total non-current assets	<u>181.906.808</u>	<u>150.742.730</u>
Current assets		
Amounts owed by group companies	243.978.765	291.451.017
Deferred tax assets	70.896	86.316
Receivable corporate tax	42.955	88.679
Total receivables	<u>244.092.616</u>	<u>291.626.012</u>
Available funds	<u>3.842.408</u>	<u>98.344</u>
Total current assets	<u>247.935.024</u>	<u>291.724.356</u>
Total assets	<u>429.841.832</u>	<u>442.467.086</u>

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
7	Contributed capital	500.000	500.000
8	Retained earnings	95.252.454	104.647.194
	Total equity	<u>95.752.454</u>	<u>105.147.194</u>
Liabilities other than provisions			
	Trade payables	40.000	40.000
	Payables to group enterprises	332.638.480	335.928.189
	Other payables	1.410.898	1.351.703
	Total short term liabilities other than provisions	<u>334.089.378</u>	<u>337.319.892</u>
	Total liabilities other than provisions	<u>334.089.378</u>	<u>337.319.892</u>
	Total equity and liabilities	<u>429.841.832</u>	<u>442.467.086</u>
9	Contingencies		
10	Related parties		

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Salaries and wages	2.544.672	2.765.623
Other costs for social security	<u>12.029</u>	<u>12.645</u>
	<u>2.556.701</u>	<u>2.778.268</u>
Average number of employees	<u>2</u>	<u>2</u>
2. Depreciation and writedown relating to tangible fixed assets		
Depreciation on plants, operating assets, fixtures and furniture	<u>71.386</u>	<u>105.000</u>
	<u>71.386</u>	<u>105.000</u>
3. Other financial costs		
Financial costs, group companies	2.968.698	2.370.573
Other financial costs	<u>82.892</u>	<u>43.916</u>
	<u>3.051.590</u>	<u>2.414.489</u>
4. Tax on ordinary results		
Tax of the results for the year, parent company	-42.955	-88.679
Adjustment for the year of deferred tax	<u>51.892</u>	<u>13.372</u>
	<u>8.937</u>	<u>-75.307</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2019	525.000	525.000
Additions during the year	475.906	0
Disposals during the year	<u>-525.000</u>	<u>0</u>
Cost 31 December 2019	<u>475.906</u>	<u>525.000</u>
Depreciation and writedown 1 January 2019	-420.000	-315.000
Depreciation for the year	-71.386	-105.000
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>420.000</u>	<u>0</u>
Depreciation and writedown 31 December 2019	<u>-71.386</u>	<u>-420.000</u>
Book value 31 December 2019	<u>404.520</u>	<u>105.000</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2019	173.594.677	144.094.677
Additions during the year	43.500.000	30.000.000
Disposals during the year	<u>0</u>	<u>-500.000</u>
Cost 31 December 2019	<u>217.094.677</u>	<u>173.594.677</u>
Revaluations, opening balance 1 January 2019	-3.641.779	6.308.329
Results for the year before goodwill amortisation	-7.471.555	-9.966.958
Reversals for the year concerning disposals	<u>0</u>	<u>16.850</u>
Revaluation 31 December 2019	<u>-11.113.334</u>	<u>-3.641.779</u>
Amortisation of goodwill, opening balance 1 January 2019	-22.479.055	-19.778.339
Amortisation and writedown of goodwill for the year	<u>-2.000.000</u>	<u>-2.700.716</u>
Depreciation on goodwill 31 December 2019	<u>-24.479.055</u>	<u>-22.479.055</u>
Offsetting against debtors	<u>0</u>	<u>3.163.887</u>
Set off against debtors and provisions for liabilities	<u>0</u>	<u>3.163.887</u>
Book value 31 December 2019	<u>181.502.288</u>	<u>150.637.730</u>
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 %
7. Contributed capital		
Contributed capital 1 January 2019	<u>500.000</u>	<u>500.000</u>
	<u>500.000</u>	<u>500.000</u>

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.

	<u>31/12 2019</u>	<u>31/12 2018</u>
8. Retained earnings		
Retained earnings 1 January 2019	104.647.194	117.478.826
Profit or loss for the year brought forward	<u>-9.394.740</u>	<u>-12.831.632</u>
	<u>95.252.454</u>	<u>104.647.194</u>

9. 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

With Wersning Scandinavia ApS, company reg. no 30507029 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

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

10. Related parties

Consolidated annual accounts

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