

Grant Thornton
Godkendt
Revisionspartnerselskab

Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936

T (+45) 33 110 220

www.grantthornton.dk

Hallumgade Farming ApS

Kvongvej 511, Kvong, 6800 Varde

Company reg. no. 38 45 46 84

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 15 May 2024.

Martin Kuper
Chairman of the meeting

Contents

	<u>Page</u>
Reports	
Management's statement	1
Independent auditor's report	2
Management's review	
Company information	5
Management's review	6
Financial statements 1 January - 31 December 2023	
Accounting policies	7
Income statement	12
Balance sheet	13
Statement of changes in equity	15
Notes	16

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Hallumgade Farming ApS for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Varde, 15 May 2024

Managing Director

Simon Grønlund Høj

Board of directors

Stefan Wernsing
Chairman

Martin Kuper

Martin Zwinkels

Independent auditor's report

To the Shareholders of Hallumgade Farming ApS

Opinion

We have audited the financial statements of Hallumgade Farming ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 about 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent 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 internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

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

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 15 May 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Brian Rasmussen

State Authorised Public Accountant
mne30153

Company information

The company	Hallumgade Farming ApS Kvongvej 511 Kvong 6800 Varde
	Company reg. no. 38 45 46 84 Financial year: 1 January - 31 December
Board of directors	Stefan Wernsing, Chairman Martin Kuper Martin Zwinkels
Managing Director	Simon Grønlund Høj
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø
Parent company	Hallumgade Invest ApS

Management's review

Description of key activities of the company

The company's main activity is plant production on leased land.

Development in activities and financial matters

The gross profit for the year totals DKK 399.577 against DKK 4.935.399 last year. Income or loss from ordinary activities after tax totals DKK -875.625 against DKK 1.915.079 last year. Management considers the net profit for the year less satisfactory.

To strengthen the equity of the company and group, the parent company have provided a tax free group contribution of DKK 10m.

Accounting policies

The annual report for Hallumgade Farming ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

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

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, 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. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

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

Statement of financial position

Intangible assets

Acquired rights

Acquired rights are measured at cost with deduction of accrued amortisation. Acquired rights are amortised on a straight-line basis over 10 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

Accounting policies

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	20-30 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement 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.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Accounting policies

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Accounting policies

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, Hallumgade Farming ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables 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>2023</u>	<u>2022</u>
Gross profit	399.577	4.935.399
Depreciation, amortisation, and impairment	<u>-1.161.912</u>	<u>-1.137.813</u>
Operating profit	-762.335	3.797.586
Other financial income	34.218	0
1 Other financial expenses	<u>-394.478</u>	<u>-1.328.376</u>
Pre-tax net profit or loss	-1.122.595	2.469.210
2 Tax on net profit or loss for the year	<u>246.970</u>	<u>-554.131</u>
Net profit or loss for the year	-875.625	1.915.079
Proposed distribution of net profit:		
Transferred to retained earnings	0	1.915.079
Allocated from retained earnings	<u>-875.625</u>	<u>0</u>
Total allocations and transfers	-875.625	1.915.079

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
3 Acquired concessions, patents, licenses, trademarks, and similar rights	645.659	840.259
Total intangible assets	<u>645.659</u>	<u>840.259</u>
4 Land and buildings	7.190.071	7.795.764
5 Other fixtures, fittings, tools and equipment	<u>1.360.411</u>	<u>672.955</u>
Total property, plant, and equipment	<u>8.550.482</u>	<u>8.468.719</u>
Total non-current assets	<u>9.196.141</u>	<u>9.308.978</u>
Current assets		
Raw materials and consumables	<u>10.855.500</u>	<u>9.489.762</u>
Total inventories	<u>10.855.500</u>	<u>9.489.762</u>
Trade receivables	271.309	0
Receivables from group enterprises	403.550	1.374.938
Deferred tax assets	380.490	133.520
Other receivables	2.073.508	30.822
Prepayments and accrued income	<u>126.753</u>	<u>126.753</u>
Total receivables	<u>3.255.610</u>	<u>1.666.033</u>
Cash on hand and demand deposits	<u>738.808</u>	<u>2.821.439</u>
Total current assets	<u>14.849.918</u>	<u>13.977.234</u>
Total assets	<u>24.046.059</u>	<u>23.286.212</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2023</u>	<u>2022</u>
Equity			
6	Contributed capital	100.000	100.000
	Retained earnings	9.840.434	716.059
	Total equity	9.940.434	816.059
Liabilities other than provisions			
7	Payables to group enterprises	12.803.293	17.977.588
	Total long term liabilities other than provisions	12.803.293	17.977.588
	Current portion of long term payables	1.120.800	1.120.800
	Trade payables	181.532	155.714
	Payables to group enterprises	0	2.057.197
	Income tax payable to group enterprises	0	461.978
	Other payables	0	696.876
	Total short term liabilities other than provisions	1.302.332	4.492.565
	Total liabilities other than provisions	14.105.625	22.470.153
	Total equity and liabilities	24.046.059	23.286.212
8 Contingencies			
9 Related parties			

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	100.000	-1.199.020	-1.099.020
Profit or loss for the year brought forward	0	1.915.079	1.915.079
Equity 1 January 2022	100.000	716.059	816.059
Profit or loss for the year brought forward	0	-875.625	-875.625
Debt conversion	0	10.000.000	10.000.000
	100.000	9.840.434	9.940.434

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Other financial expenses		
Financial costs, group enterprises	392.830	378.050
Other financial costs	1.648	950.326
	<u>394.478</u>	<u>1.328.376</u>
2. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	0	461.978
Adjustment for the year of deferred tax	-246.970	92.153
	<u>-246.970</u>	<u>554.131</u>
3. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2023	1.945.774	1.945.774
Cost 31 December 2023	<u>1.945.774</u>	<u>1.945.774</u>
Amortisation and write-down 1 January 2023	-1.105.515	-910.915
Amortisation for the year	-194.600	-194.600
Amortisation and write-down 31 December 2023	<u>-1.300.115</u>	<u>-1.105.515</u>
Carrying amount, 31 December 2023	<u>645.659</u>	<u>840.259</u>
4. Land and buildings		
Cost 1 January 2023	10.604.837	10.604.837
Additions during the year	179.075	0
Cost 31 December 2023	<u>10.783.912</u>	<u>10.604.837</u>
Depreciation and write-down 1 January 2023	-2.809.073	-2.042.212
Depreciation for the year	-784.768	-766.861
Depreciation and write-down 31 December 2023	<u>-3.593.841</u>	<u>-2.809.073</u>
Carrying amount, 31 December 2023	<u>7.190.071</u>	<u>7.795.764</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	1.297.537	1.196.368
Additions during the year	<u>870.000</u>	<u>101.169</u>
Cost 31 December 2023	<u>2.167.537</u>	<u>1.297.537</u>
Amortisation and write-down 1 January 2023	-624.582	-448.230
Depreciation for the year	<u>-182.544</u>	<u>-176.352</u>
Amortisation and write-down 31 December 2023	<u>-807.126</u>	<u>-624.582</u>
Carrying amount, 31 December 2023	<u>1.360.411</u>	<u>672.955</u>

6. Contributed capital

The share capital of the company is nom. DKK 100,000 divided into nom. DKK 51,000 A-shares of DKK 100 each or any multiples thereof and nom. DKK 49,000 B-shares of DKK 100 each or any multiples thereof.

7. Payables to group enterprises

Total payables to group enterprises	13.924.093	19.098.388
Share of amount due within 1 year	<u>-1.120.800</u>	<u>-1.120.800</u>
	<u>12.803.293</u>	<u>17.977.588</u>
Share of liabilities due after 5 years	<u>8.320.093</u>	<u>13.534.437</u>

8. Contingencies

Contingent liabilities

Lease liabilities

The company has entered into a lease agreement for agricultural land with the parent company Hallumgade Invest ApS. The rental agreement can be terminated with one year's notice. The total liability amounts to between tDKK. 1,944 to 2,684.

Operational leasing

The company has leasing commitments amounting to tDKK 52 as of December 31, 2023.

Notes

All amounts in DKK.

8. Contingencies (continued)

Joint taxation

With Wernsing 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.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

9. Related parties

Consolidated financial statements

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 subsidiary, is Wernsing Food Family Group GmbH & Co. KG, Germany. The consolidated annual accounts can be obtained on www.bundesanzeiger.de.