

Hallumgade Farming ApS

Kvongvej 511, Kvong, 6800 Varde

Company reg. no. 38 45 46 84

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

Contents

	<u>Page</u>
Reports	
Management's report	1
Independent auditor's report	2
Management commentary	
Company information	5
Management commentary	6
Financial statements 1 January - 31 December 2019	
Accounting policies	7
Income statement	11
Statement of financial position	12
Notes	14

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, 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 managing director have today presented the annual report of Hallumgade Farming ApS 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.

Varde, 19 May 2020

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 annual accounts of Hallumgade Farming ApS 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

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, Chariman
Martin Kuper
Martin Zwinkels

Managing Director

Simon Grønlund Høj

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmegade 45
2100 København Ø

Parent company

Hallumgade Invest ApS

Management commentary

The principal 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 is DKK 1.190.597 against DKK 24.774 last year. The result for the year after tax is DKK 9.628 against DKK -591.874 last year. Management considers the result for the year satisfactory.

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.

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

Translation of foreign currency

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

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

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

Income statement

Gross profit

Gross profit comprises the revenue, cost of sales, changes in inventories, and work in progress, 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.

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

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 distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Depreciation, amortisation and writedown

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

Accounting policies

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.

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

Intangible fixed 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.

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.

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

	Useful life
Buildings	20 years
Other plants, operating assets, fixtures and furniture	3-5 years

Accounting policies

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 intangible and tangible fixed asset 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.

Inventories

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

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

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

Accounting policies

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

Receivables

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

Accrued income and deferred expenses

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

Available funds

Available funds comprise cash at bank.

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, Hallumgade Farming ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

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	1.190.597	24.774
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-793.155	-509.805
Operating profit	397.442	-485.031
Other financial income	3.567	5.291
1 Other financial costs	-368.501	-263.487
Pre-tax net profit or loss	32.508	-743.227
2 Tax on ordinary results	-22.880	151.353
Net profit or loss for the year	9.628	-591.874
Proposed appropriation of net profit:		
Transferred to retained earnings	9.628	0
Allocated from retained earnings	0	-591.874
Total allocations and transfers	9.628	-591.874

Statement of financial position 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Non-current assets		
3 Acquired concessions, patents, licenses, trademarks and similar rights	1.225.000	1.400.000
Total intangible assets	<u>1.225.000</u>	<u>1.400.000</u>
4 Land and property	7.632.147	8.007.251
5 Other plants, operating assets, and fixtures and furniture	<u>408.147</u>	<u>806.266</u>
Total property, plant, and equipment	<u>8.040.294</u>	<u>8.813.517</u>
Total non-current assets	<u>9.265.294</u>	<u>10.213.517</u>
Current assets		
Raw materials and consumables	<u>5.623.362</u>	<u>6.036.047</u>
Total inventories	<u>5.623.362</u>	<u>6.036.047</u>
Trade debtors	65.699	7.500
Amounts owed by group enterprises	634.909	79.408
Deferred tax assets	117.112	174.975
Other debtors	46.569	222.917
Accrued income and deferred expenses	<u>574.493</u>	<u>68.521</u>
Total receivables	<u>1.438.782</u>	<u>553.321</u>
Available funds	<u>1.475.618</u>	<u>439.366</u>
Total current assets	<u>8.537.762</u>	<u>7.028.734</u>
Total assets	<u>17.803.056</u>	<u>17.242.251</u>

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
6	Contributed capital	100.000	100.000
7	Retained earnings	-218.497	-228.125
	Total equity	-118.497	-128.125
Liabilities other than provisions			
8	Debt to group enterprises	14.451.950	10.040.952
	Total long term liabilities other than provisions	14.451.950	10.040.952
	Short-term part of long-term liabilities	2.547.723	406.760
	Trade payables	329.704	467.212
	Payables to group enterprises	592.176	6.455.452
	Total short term liabilities other than provisions	3.469.603	7.329.424
	Total liabilities other than provisions	17.921.553	17.370.376
	Total equity and liabilities	17.803.056	17.242.251
9 Contingencies			
10 Related parties			

Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
1. Other financial costs		
Financial costs, group enterprises	357.751	256.160
Other financial costs	<u>10.750</u>	<u>7.327</u>
	<u>368.501</u>	<u>263.487</u>
2. Tax on ordinary results		
Adjustment for the year of deferred tax	<u>22.880</u>	<u>-151.353</u>
	<u>22.880</u>	<u>-151.353</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
3. Acquired concessions, patents, licenses, trademarks and similar rights		
Cost 1 January 2019	1.750.000	1.750.000
Cost 31 December 2019	<u>1.750.000</u>	<u>1.750.000</u>
Amortisation and writedown 1 January 2019	-350.000	-175.000
Amortisation for the year	-175.000	-175.000
Amortisation and writedown 31 December 2019	<u>-525.000</u>	<u>-350.000</u>
Book value 31 December 2019	<u>1.225.000</u>	<u>1.400.000</u>
4. Land and property		
Cost 1 January 2019	8.180.494	0
Additions during the year	90.312	8.180.494
Cost 31 December 2019	<u>8.270.806</u>	<u>8.180.494</u>
Depreciation and writedown 1 January 2019	-173.243	0
Depreciation for the year	-465.416	-173.243
Depreciation and writedown 31 December 2019	<u>-638.659</u>	<u>-173.243</u>
Book value 31 December 2019	<u>7.632.147</u>	<u>8.007.251</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	1.051.285	527.741
Additions during the year	155.873	573.544
Disposals during the year	<u>-633.290</u>	<u>-50.000</u>
Cost 31 December 2019	<u>573.868</u>	<u>1.051.285</u>
Amortisation and writedown 1 January 2019	-245.019	-83.457
Depreciation for the year	-152.739	-161.562
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>232.037</u>	<u>0</u>
Amortisation and writedown 31 December 2019	<u>-165.721</u>	<u>-245.019</u>
Book value 31 December 2019	<u>408.147</u>	<u>806.266</u>

Notes

All amounts in DKK.

	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Contributed capital		
Contributed capital 1 January 2019	<u>100.000</u>	<u>100.000</u>
	<u>100.000</u>	<u>100.000</u>

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. Retained earnings		
Retained earnings 1 January 2019	-228.125	363.749
Profit or loss for the year brought forward	<u>9.628</u>	<u>-591.874</u>
	<u>-218.497</u>	<u>-228.125</u>

8. Debt to group enterprises		
Debt to group enterprises in total	16.999.673	10.447.712
Share of amount due within 1 year	<u>-2.547.723</u>	<u>-406.760</u>
	<u>14.451.950</u>	<u>10.040.952</u>
Share of liabilities due after 5 years	<u>10.544.750</u>	<u>8.413.907</u>

9. 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 724 as of December 31, 2019.

Notes

All amounts in DKK.

9. 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.

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