

Hallumgade Farming ApS

Kvongvej 511, Kvong, 6800 Varde

Company reg. no. 38 45 46 84

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 10 June 2021.

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 2020 | |
| Accounting policies | 7 |
| Income statement | 12 |
| Statement of financial position | 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 report

Today, the board of directors and the managing director have presented the annual report of Hallumgade Farming ApS for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Varde, 10 June 2021

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 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 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 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 10 June 2021

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
Stockholmsgade 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 totals DKK 1.650.410 against DKK 1.190.597 last year. Income or loss from ordinary activities after tax totals DKK 22.297 against DKK 9.628 last year. Management considers the net profit or loss 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.

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, cost of sales, changes in inventories, 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.

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.

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.

Accounting policies

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 writedown for impairment.

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.

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

Accounting policies

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

| | Useful life |
|--|-------------|
| Property | 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. Writedown 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 market 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 "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Hallungade 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>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Gross profit | 1.650.410 | 1.190.597 |
| Depreciation, amortisation, and impairment | -955.505 | -793.155 |
| Other operating costs | -290.940 | 0 |
| Operating profit | 403.965 | 397.442 |
| Other financial income | 0 | 3.567 |
| 1 Other financial costs | -356.418 | -368.501 |
| Pre-tax net profit or loss | 47.547 | 32.508 |
| 2 Tax on net profit or loss for the year | -25.250 | -22.880 |
| Net profit or loss for the year | 22.297 | 9.628 |
| Proposed appropriation of net profit: | | |
| Transferred to retained earnings | 22.297 | 9.628 |
| Total allocations and transfers | 22.297 | 9.628 |

Statement of financial position at 31 December

All amounts in DKK.

| Assets | | |
|---|--------------------------|--------------------------|
| <u>Note</u> | <u>2020</u> | <u>2019</u> |
| Non-current assets | | |
| 3 Concessions, patents, licenses, trademarks, and similar rights acquired | 1.229.459 | 1.225.000 |
| Total intangible assets | <u>1.229.459</u> | <u>1.225.000</u> |
| 4 Property | 8.925.818 | 7.632.147 |
| 5 Other fixtures and fittings, tools and equipment | 603.148 | 408.147 |
| Total property, plant, and equipment | <u>9.528.966</u> | <u>8.040.294</u> |
| Total non-current assets | <u>10.758.425</u> | <u>9.265.294</u> |
| Current assets | | |
| Raw materials and consumables | 5.867.042 | 5.623.362 |
| Total inventories | <u>5.867.042</u> | <u>5.623.362</u> |
| Trade receivables | 0 | 65.699 |
| Receivables from group enterprises | 721.146 | 634.909 |
| Deferred tax assets | 98.751 | 117.112 |
| Other receivables | 67.563 | 46.569 |
| Prepayments and accrued income | 510.177 | 574.493 |
| Total receivables | <u>1.397.637</u> | <u>1.438.782</u> |
| Cash on hand and demand deposits | <u>871.438</u> | <u>1.475.618</u> |
| Total current assets | <u>8.136.117</u> | <u>8.537.762</u> |
| Total assets | <u>18.894.542</u> | <u>17.803.056</u> |

Statement of financial position at 31 December

All amounts in DKK.

| Equity and liabilities | | | |
|--|--|-------------------|-------------------|
| <u>Note</u> | | <u>2020</u> | <u>2019</u> |
| Equity | | | |
| 6 | Contributed capital | 100.000 | 100.000 |
| | Retained earnings | -196.200 | -218.497 |
| | Total equity | -96.200 | -118.497 |
| Liabilities other than provisions | | | |
| 7 | Payables to group enterprises | 16.156.325 | 14.451.950 |
| | Total long term liabilities other than provisions | 16.156.325 | 14.451.950 |
| | Current portion of long term payables | 1.012.800 | 2.547.723 |
| | Trade payables | 763.486 | 329.704 |
| | Payables to group enterprises | 1.051.242 | 592.176 |
| | Income tax payable to group enterprises | 6.889 | 0 |
| | Total short term liabilities other than provisions | 2.834.417 | 3.469.603 |
| | Total liabilities other than provisions | 18.990.742 | 17.921.553 |
| | Total equity and liabilities | 18.894.542 | 17.803.056 |
| 8 Contingencies | | | |
| 9 Related parties | | | |

Statement of changes in equity

All amounts in DKK.

| | <u>Contributed capital</u> | <u>Retained earnings</u> | <u>Total</u> |
|---|--------------------------------|------------------------------|-----------------------|
| Equity 1 January 2019 | 100.000 | -228.125 | -128.125 |
| Profit or loss for the year brought forward | <u>0</u> | <u>9.628</u> | <u>9.628</u> |
| Equity 1 January 2020 | 100.000 | -218.497 | -118.497 |
| Profit or loss for the year brought forward | <u>0</u> | <u>22.297</u> | <u>22.297</u> |
| | <u>100.000</u> | <u>-196.200</u> | <u>-96.200</u> |

Notes

All amounts in DKK.

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|-------------------------|
| 1. Other financial costs | | |
| Financial costs, group enterprises | 337.071 | 357.751 |
| Other financial costs | <u>19.347</u> | <u>10.750</u> |
| | <u>356.418</u> | <u>368.501</u> |
| | | |
| 2. Tax on net profit or loss for the year | | |
| Tax of the results for the year, parent company | 6.889 | 0 |
| Adjustment for the year of deferred tax | <u>18.361</u> | <u>22.880</u> |
| | <u>25.250</u> | <u>22.880</u> |
| | | |
| 3. Concessions, patents, licenses, trademarks, and similar rights acquired | | |
| Cost 1 January 2020 | 1.750.000 | 1.750.000 |
| Additions during the year | <u>195.774</u> | <u>0</u> |
| Cost 31 December 2020 | <u>1.945.774</u> | <u>1.750.000</u> |
| | | |
| Amortisation and writedown 1 January 2020 | -525.000 | -350.000 |
| Amortisation for the year | <u>-191.315</u> | <u>-175.000</u> |
| Amortisation and writedown 31 December 2020 | <u>-716.315</u> | <u>-525.000</u> |
| | | |
| Carrying amount, 31 December 2020 | <u>1.229.459</u> | <u>1.225.000</u> |
| | | |
| 4. Property | | |
| Cost 1 January 2020 | 8.270.806 | 8.180.494 |
| Additions during the year | <u>1.930.362</u> | <u>90.312</u> |
| Cost 31 December 2020 | <u>10.201.168</u> | <u>8.270.806</u> |
| | | |
| Depreciation and writedown 1 January 2020 | -638.659 | -173.243 |
| Depreciation for the year | <u>-636.691</u> | <u>-465.416</u> |
| Depreciation and writedown 31 December 2020 | <u>-1.275.350</u> | <u>-638.659</u> |
| | | |
| Carrying amount, 31 December 2020 | <u>8.925.818</u> | <u>7.632.147</u> |

Notes

All amounts in DKK.

| | <u>31/12 2020</u> | <u>31/12 2019</u> |
|---|--------------------------|--------------------------|
| 5. Other fixtures and fittings, tools and equipment | | |
| Cost 1 January 2020 | 573.868 | 1.051.285 |
| Additions during the year | 322.500 | 155.873 |
| Disposals during the year | <u>0</u> | <u>-633.290</u> |
| Cost 31 December 2020 | <u>896.368</u> | <u>573.868</u> |
| Amortisation and writedown 1 January 2020 | -165.721 | -245.019 |
| Depreciation for the year | -127.499 | -152.739 |
| Reversal of depreciation, amortisation and writedown, assets disposed of | <u>0</u> | <u>232.037</u> |
| Amortisation and writedown 31 December 2020 | <u>-293.220</u> | <u>-165.721</u> |
| Carrying amount, 31 December 2020 | <u>603.148</u> | <u>408.147</u> |
| 6. Contributed capital | | |
| Contributed capital 1 January 2020 | <u>100.000</u> | <u>100.000</u> |
| | <u>100.000</u> | <u>100.000</u> |
| <p>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.</p> | | |
| 7. Payables to group enterprises | | |
| Total payables to group enterprises | 17.169.125 | 16.999.673 |
| Share of amount due within 1 year | <u>-1.012.800</u> | <u>-2.547.723</u> |
| | <u>16.156.325</u> | <u>14.451.950</u> |
| Share of liabilities due after 5 years | <u>12.105.125</u> | <u>10.544.750</u> |

Notes

All amounts in DKK.

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 566 as of December 31, 2020.

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.