Döhler Denmark A/S

Hestehaven 3, DK-5260 Odense S

Annual Report for 1 January - 31 December 2018

CVR No 56 46 23 17

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 20/5 2019

Tobias Frimor Koopmann Nielsen
Chairman of the General Meeting

Contents

pwc

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Döhler Denmark A/S for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations and cash flows for 2018.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Odense, 20 May 2019

Executive Board

Jacob Håhr Brunn
Executive Officer

Tobias Frimor Koopmann Nielsen
Executive Officer

Board of Directors

Hans Christian Ambjerg
Chairman

Dirk Kruse

Stefan Christian Hörger

Dan Reichardt

Kim Schmidt Milsø
Staff Representative

Tim Munck Jakobsen
Staff Representative

Independent Auditor's Report

To the Shareholders of Döhler Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Döhler Denmark A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

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' Code of Ethics for Professional Accountants (IESBA Code) 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.

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.

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 Financials Statements Act.

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

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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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.

Trekantområdet, 20 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Company Information

The Company	Döhler Denmark A/S Hestehaven 3 DK-5260 Odense S CVR No: 56 46 23 17 Financial period: 1 January - 31 December Municipality of reg. office: Odense
Board of Directors	Hans Christian Ambjerg, Chairman Dirk Kruse Stefan Christian Hörger Dan Reichardt Kim Schmidt Milsø Tim Munck Jakobsen
Executive Board	Jacob Håhr Brunn Tobias Frimor Koopmann Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2018	2017	2016	2015	2014
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	389.524	395.052	346.055	306.216	304.139
Gross profit/loss	41.826	44.728	43.037	58.023	55.125
Operating profit/loss	9.516	9.628	7.048	22.164	18.525
Profit/loss before financial income and expenses	3.911	7.636	6.423	22.164	18.525
Net financials	-1.069	-626	-2.673	99	-226
Net profit/loss for the year	2.217	5.453	2.902	16.970	13.850
Balance sheet					
Balance sheet total	203.642	203.906	189.210	178.344	158.637
Equity	119.053	116.838	120.325	117.423	100.452
Number of employees	121	108	102	93	79
Ratios					
Gross margin	10,7%	11,3%	12,4%	18,9%	18,1%
Profit margin	1,0%	1,9%	1,9%	7,2%	6,1%
Return on assets	1,9%	3,7%	3,4%	12,4%	11,7%
Solvency ratio	58,5%	57,3%	63,6%	65,8%	63,3%
Return on equity	1,9%	4,6%	2,4%	15,6%	14,8%

For definitions, see under accounting policies.

Management's Review

Financial Statements of Döhler Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The purpose of the company is to operate manufacturing, trade and related business.

Development in the year

The income statement of the Company for 2018 shows a profit of TDKK 2,217, and at 31 December 2018 the balance sheet of the Company shows equity of TDKK 119,053.

The past year and follow-up on development expectations from last year

The results for 2018 did not meet expectations.

Business Model

Döhler Denmark A/S is the largest producer of fruit and spice based ingredients for the dairy industry in Scandinavian. Döhler Denmark A/S is a subsidiary of Döhler Group – a global producer of natural food and beverage ingredients. Döhler Group headquarter is in Darmstadt, Germany. The products of Döhler Denmark A/S are sold within 5 main markets: Denmark, Sweden, UK, Ireland and Germany.

Employees, Production and Logistic

Döhler Denmark A/S focuses on a healthy and safe production environment not only on the production site in Odense but throughout the value chain. All employees have a special responsibility to take notice of the surroundings in order to improve safety, quality and efficiency. This special responsibility is part of the regular management presentations etc. Our products and logistics are planned in the most efficient way possible and energy consumption and transportation is minimized to the furthest extend possible.

Innovation & Customers

Together with our customers we are not only developing new products to match market trends – we are innovating the next big trends within the industry. For several customers we are running a fully integrated development relationship and we analyse the market trends to ensure state-of-the-art development, product quality and product flexibility. High class development in close collaboration with customers is key to our business and a clear competitive advantage.

Generating Value

Simultaneously to maintaining a high quality level within existing products we also develop new growth opportunities in order to ensure healthy business development and thereby generate value to the capital owners. Sustainability and transparency are key words through the value chain – not only from supplier and customer view but also from employee and capital owner point of view. Döhler Denmark A/S puts a high prioritization in being a sustainably and attractive workplace.

Special risks - operating risks and financial risks

Operating risks

The Company is assessed not to have any particular operating risks.

Market risks

Management is aware about the potential impacts of BREXIT and action plans for various scenarios have been prepared.

Foreign exchange risks

In our assessment, the Company is not subject to any individual foreign exchange risks.

Interest rate risks

In our assessment, the Company is not subject to any individual foreign interest rate risks.

Credit risks

In our assessment, the Company is not subject to any individual foreign credit risks.

Intellectual capital resources

It is essential to Dohler Denmark A/S' continued growth to attract and retain highly educated staff which possesses various qualifications and is diverse. ln order to ensure high and at the same time competitive product quality, the Company applies the most modern and automated processes for its production.

lmpact on the external environment

Environment

Dohler Denmark A/S is certified to ISO 14001 , in which environmental issues are described andtargets are laid down, The Cornpany regularly monitors compliance of the targets.

Climate

Dohler Denmark A/S' aim is to stay focused on minimizing the influence on the climate during purchasing, production and sales of Fruit Prep, where supervision and constant focus is maintained through the environmental certificate lSO14OO1.

Dohler Denmark A/S continuous focus on energy reducing, hereunder reduction of electrical power usage, reduction ofwater usage, and reduction of natural gas usage.

Statement of corporate social responsibility

Human Rights

Döhler Denmark A/S is compliant to the Döhler Group CSR police. All suppliers to Döhler Denmark are approved at Döhler Group level and they must adhere to the established policies. The Döhler CSR program covers areas such as human rights, sustainability and food safety. The group CSR program includes regular supplier audits. During 2018 an extensive supplier audit program related to human rights was conducted. This audit did also embrace suppliers to Döhler Denmark A/S.

Döhler is a member of the Supplier Ethical Data Exchange (Sedex). In this context, independent verifications by Sedex Member Ethical Trade Audits (SMETA 4-pillar) ensure that operations are conducted in an ethical manner which is recognized by stakeholders and society across the globe. In order to reduce risks in the upstream supply chain, Döhler intends to make these audit procedures mandatory for its suppliers. The SMETA 4-pillar methodology uses the Ethical Trading Initiative Base Code and local law as measurement tools. The SMETA 6.0 methodology also defines clear criteria on modern slavery and supports due diligence processes for modern slavery prevention.

As a consequence of the Döhler Group CSR compliance program Döhler Denmark A/S underwent a Sedex Members Ethical Trade Audit (SMETA) in 2018. The external audit covers the areas of labour-, safety- and health standards as well as environment and business ethics. No significant findings were discovered during this audit.

During 2018 a new and improved fire system was installed to improve the safety for our employees. A new initiative measuring the wellbeing of all employees have been launched during 2018. Going forward this tool will be actively in identifying, mapping and improving parameters leading to increased work satisfaction and work environment in general.

Employee- and Social standard

At Döhler Denmark A/S we take pride in enrolling a wide variety of employees in the workforce. This implies that we have employees on job trial, under education, apprentices and other kind of positions aimed at helping people outside the job market to find a suitable position.

Our environment employee representative makes sure at our site stay within the Danish law of labour conditions and that incidents are reported correctly and mitigation measures are defined, implemented and evaluated.

Döhler Denmark A/S does not discriminate any stakeholders based on gender, religion, sexuality etc. The company executes regular internal surveys to determine any issues within the areas of work environment.

Management's Review

Climate and Environmental Policy

Döhler Denmark A/S has an ISO 14001 certification. Within the area of this classification environmental targets are defined. These targets are continuously evaluated and adjusted in order to reflect an ambitious climate policy. Döhler Denmark A/S aims to minimize the environmental side effects throughout the whole distribution channel. Some of the most significant initiatives within 2018 has been preparation of a factory redesign in order to minimize energy consumption and raw material waste etc. The company has launched an internal program in order to engage in collaboration with external stakeholders that could benefit from the inevitable waste the production will generate.

Döhler Denmark A/S does not have a clearly defined climate policy – instead focus is put where action is needed in order to make sure that initiatives are not limited to and dictated by a policy.

Anti-Corruption Policy

Döhler Denmark A/S has a no tolerance to corruption and/or bribery throughout the entire value chain. The topic is also considered in the group supplier audit program mentioned in an earlier paragraph. In addition the topic is part of third party audits conducted at site. The company has a clean history in all areas related to corruption and bribery.

To prevent bribery and corruption we have a double approval system. Which means that every invoice has the be approved by to persons before it can be book in the system. In addition all outgoing payments are verified by at least two persons. During 2018 a process has been launched that will implement an electronic booking and payment system of invoices. Thereby the risk for fraud will be minimized. In addition cash payments have been minimized and replaced by electronic transactions.

Risk Analysis Regarding CSR Policies

We recognize the importance of risk analysis throughout the value chain for our business. However, we are also aware that some of these risk we cannot measure nor control. As previously described Döhler Denmark A/S benefits from the overall Döhler Group supplier audit program. On an internal perspective we continuously analyse product risk (including food safety), work environment risk and environmental risk. The quality department of Döhler Denmark A/S benefits, as well as the remaining part of the business, from the competences hosted by Döhler Group worldwide.

In order to adhere to a common ethical standard, Döhler developed its own Code of Conduct (CoC). The purpose of the CoC is to ensure that Döhler acts with integrity in all business relationships, complies with the principles of human rights, labour law and environmental protection and operates in accordance with internationally recognised standards. The CoC provides guidelines on behaviour towards colleagues, business partners and society in general, and outlines mandatory, globally applicable guidance for acting in accordance with the law and in an ethically responsible way, with a focus on modern slavery and human trafficking. In order to ensure that the upstream supply chain also takes responsibility, Döhler made this standard mandatory for its suppliers. Adherence to the CoC is therefore always an integral part of contract conclusions with Döhler. The CoC is based on core principles contained in the International Bill of Human rights, fundamental International Labour Organization Conventions, relevant United Nation Conventions and Guidelines, as well as the Ethical Trading Initiative base code. In addition to the

Management's Review

CoC, Döhler has a sustainability. Policy in place which sets clear targets in terms of social responsibility, with a focus on human rights, for example, as well as on fostering and accepting the diversity of people. In order to ensure a group-wide policy development, implementation and adherence to the principles contained within these policies, Döhler has created several function units. These include the Group Sustainability and Group Human Resources function units, as well as local equivalents in the global Döhler operations.

Gender Composition of Management

As of balance sheet date the board of directors of Döhler Denmark A/S consists of 5 persons. Two members are elected as employee representatives according to Danish law and three members are appointed by the capital owner of the company. Appointment of members to the board of directors happens independently of gender and is solely based on objective qualifications and competences. The target for gender composition within the board of directors is to reach at least 33% participation of the underrepresented gender by 2025. As of today it has not been possible to identify a candidate with the required competences of the underrepresented gender.

As of the balance sheet date the management and team leaders of Döhler Denmark A/S consists of 10 persons. The company acknowledges the strength of having a diverse team and recruitments are based on experience and competences regardless of gender. The target for gender composition within the team is to reach at least 40% participation of the underrepresented gender latest by 2020. As of the balance sheet date 30% of the team were made up of the underrepresented gender. We acknowledge that the target is not fulfilled and recognize that activities have to be started to reach the goal: In case two equal candidates are identified for a position, the one representing the underrepresented gender will be chosen. In a similar approach recruitment agencies are encouraged to present candidates from the underrepresented gender for all positions – regardless of organization level.

Döhler Denmark A/S encourages all qualified candidates to apply for open positions regardless of gender. The evaluation of candidates are made without considering the gender of the candidate. The company has no direct policy within the area as qualification and motivation always comes before gender and other irrelevant parameters in the evaluation of a candidate. However, in case two equal candidates are identified for a position, the one representing the underrepresented gender will be chosen. Until now the company has not been in a situation where two candidates from each gender were rated completely identical, therefore the policy has not yet brought any effect in the gender distribution.

Döhler Denmark A/S does not discriminate any stakeholders based on gender, religion, sexuality etc. The company executes regular internal surveys to determine any issues within the areas of work environment.

In January 2019 the management team was expanded to include 40% of the underrepresented gender thereby fulfilling the target as outlined above.

Management's Review

Outlook

In 2019, management expects the activity level to temporarily decrease, however, EBIT is expected to increase due to increased cost awareness within the production processes and a lower level of special effects.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 TDKK	2017 TDKK
Revenue	2	**389.524**	**395.052**
Cost of sales	3	-347.698	-350.324
Gross profit/loss		**41.826**	**44.728**
Distribution expenses	3	-19.128	-24.686
Administrative expenses	3	-13.182	-10.414
Operating profit/loss		**9.516**	**9.628**
Other operating expenses		-5.605	-1.992
Profit/loss before financial income and expenses		**3.911**	**7.636**
Financial expenses	4	-1.069	-626
Profit/loss before tax		**2.842**	**7.010**
Tax on profit/loss for the year	5	-625	-1.557
Net profit/loss for the year		**2.217**	**5.453**

Balance Sheet 31 December

Assets

	Note	2018	2017
		TDKK	TDKK
Software		1.857	2.772
Intangible assets	6	**1.857**	**2.772**
Land and buildings		27.483	33.306
Plant and machinery		22.445	26.824
Other fixtures and fittings, tools and equipment		5.040	2.874
Property, plant and equipment in progress		606	311
Property, plant and equipment	7	**55.574**	**63.315**
Fixed assets		**57.431**	**66.087**
Inventories	8	**61.964**	**64.846**
Trade receivables		58.031	58.332
Receivables from group enterprises		16.430	12.094
Other receivables		26	43
Corporation tax		141	384
Prepayments	9	7.023	346
Receivables		**81.651**	**71.199**
Cash at bank and in hand		**2.596**	**1.774**
Currents assets		**146.211**	**137.819**
Assets		**203.642**	**203.906**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		TDKK	TDKK
Share capital		10.001	10.001
Retained earnings		109.052	106.837
Equity		**119.053**	**116.838**
Provision for deferred tax	11	5.132	4.710
Provisions		**5.132**	**4.710**
Mortgage loans		5.025	6.737
Long-term debt	12	**5.025**	**6.737**
Mortgage loans	12	1.681	1.684
Trade payables		44.484	40.492
Payables to group enterprises		16.234	23.461
Corporation tax		202	0
Other payables		11.533	9.984
Deferred income	13	298	0
Short-term debt		**74.432**	**75.621**
Debt		**79.457**	**82.358**
Liabilities and equity		**203.642**	**203.906**
Subsequent events	1		
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	10.001	106.835	116.836
Net profit/loss for the year	0	2.217	2.217
Equity at 31 December	**10.001**	**109.052**	**119.053**

Cash Flow Statement 1 January - 31 December

	Note	2018	2017
		TDKK	TDKK
Net profit/loss for the year		2.217	5.453
Adjustments	14	15.062	15.898
Change in working capital	15	-1.974	-6.658
Cash flows from operating activities before financial income and expenses		**15.305**	**14.693**
Financial expenses		-1.069	-627
Cash flows from ordinary activities		**14.236**	**14.066**
Corporation tax paid		242	450
Cash flows from operating activities		**14.478**	**14.516**
Purchase of intangible assets		-50	0
Purchase of property, plant and equipment		-4.806	-2.563
Sale of property, plant and equipment		142	182
Cash flows from investing activities		**-4.714**	**-2.381**
Repayment of mortgage loans		-1.715	-1.622
Repayment of payables to group enterprises		-7.227	0
Dividend paid		0	-8.940
Cash flows from financing activities		**-8.942**	**-10.562**
Change in cash and cash equivalents		**822**	**1.573**
Cash and cash equivalents at 1 January		1.774	201
Cash and cash equivalents at 31 December		**2.596**	**1.774**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.596	1.774
Cash and cash equivalents at 31 December		**2.596**	**1.774**

Notes to the Financial Statements

1 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

2 Revenue

	2018 TDKK	2017 TDKK
Geographical segments		
Revenue, Denmark	169.400	174.448
Revenue, exports	220.124	220.604
	389.524	**395.052**

3 Staff

Wages and Salaries	59.769	56.951
Other social security expenses	1.372	769
Other staff expenses	4.819	4.770
	65.960	**62.490**
Including remuneration to the Executive and Supervisory Boards	**1.926**	
Average number of employees	**121**	**108**

By reference to section 98b(3). (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed in comparative statement.

4 Financial expenses

Interest paid to group enterprises	0	190
Other financial expenses	515	436
Exchange adjustments, expenses	554	0
	1.069	**626**

Notes to the Financial Statements

	2018	2017
	TDKK	TDKK

5 Tax on profit/loss for the year

Current tax for the year	202	2.630
Deferred tax for the year	423	-1.073
	625	**1.557**

6 Intangible assets

	Software
	TDKK
Cost at 1 January	10.438
Additions for the year	50
Disposals for the year	-7.209
Cost at 31 December	3.279
Impairment losses and amortisation at 1 January	6.811
Amortisation for the year	653
Reversal for the year of previous years' impairment losses	-6.042
Impairment losses and amortisation at 31 December	1.422
Carrying amount at 31 December	**1.857**

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	85.263	146.471	10.522	310
Additions for the year	150	4.129	229	606
Disposals for the year	0	0	-447	-310
Cost at 31 December	85.413	150.600	10.304	606
Impairment losses and depreciation at 1 January	55.665	119.322	3.952	0
Depreciation for the year	2.265	8.833	1.543	0
Reversal of impairment and depreciation of sold assets	0	0	-231	0
Impairment losses and depreciation at 31 December	57.930	128.155	5.264	0
Carrying amount at 31 December	**27.483**	**22.445**	**5.040**	**606**

Notes to the Financial Statements

		2018	2017
		TDKK	TDKK
8	**Inventories**		
	Raw materials and consumables	50.542	49.400
	Finished goods and goods for resale	11.422	15.446
		61.964	**64.846**

9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well as fair value adjustments of derivative financial instruments with a postitive fair value.

10 Distribution of profit

Retained earnings	2.217	5.453
	2.217	**5.453**

11 Provision for deferred tax

Provision for deferred tax at 1 January	4.710	5.783
Amounts recognised in the income statement for the year	422	-1.073
Provision for deferred tax at 31 December	**5.132**	**4.710**

Notes to the Financial Statements

12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2018	2017
	TDKK	TDKK
Mortgage loans		
Between 1 and 5 years	5.025	6.737
Long-term part	5.025	6.737
Within 1 year	1.681	1.684
	6.706	**8.421**

13 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Notes to the Financial Statements

	2018	2017
	TDKK	TDKK
14 Cash flow statement - adjustments		
Financial expenses	1.069	626
Depreciation, amortisation and impairment losses, including losses and gains on sales	13.368	13.715
Tax on profit/loss for the year	625	1.557
	15.062	**15.898**

15 Cash flow statement - change in working capital

Change in inventories	2.882	3.666
Change in receivables	-10.695	-20.028
Change in trade payables, etc	5.839	9.704
	-1.974	**-6.658**

16 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying value of	27.483	35.448

Rental and lease obligations

Lease liabilities (operating leases) amount to TDKK 1.986 thousand (2016 TDKK 2,661 thousand).

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the other Danish group companies. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
Continental Fruit B.V.	Owner

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Continental Fruit B.V.

Albusstraat 5 4903RG Oosterhout
The Netherlands
Holland

Consolidated Financial Statements

Selskabet indgår i koncernrapporten for moderselskabet

Name	Place of registered office
Döhler GmbH	Darmstadt, Germany

The Group Annual Report of Döhler GmbH may be obtained at the following address:

Riedstrasse, D64295 Darmstadt, Germany

Notes to the Financial Statements

	2018	2017
	TDKK	TDKK
18 Fee to auditors appointed at the general meeting		
Ernst & Young P/S		
Audit fee	0	123
Tax advisory services	0	8
Other assistance	0	25
	0	**156**
PricewaterhouseCoopers		
Audit fee	156	0
Tax advisory services	35	0
	191	**0**
	191	**156**

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Döhler Denmark A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

Some reclassifications have been made in the financial statements. In these cases, comparative figures are adapted to the new classification. The reclassifications have not had an effect on the profit or loss for the year or the equity per. 31 December 2018.

There has been a textual update of accounting policies. The textual update has not influenced the recognition and measurement of the items in relation to the 2018 annual report.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

Notes to the Financial Statements

19 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Notes to the Financial Statements

19 Accounting Policies (continued)

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

19 Accounting Policies (continued)

The Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	20-50 years
Other buildings	20-50 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	5-8 years
Leasehold improvements	5-8 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

19 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

19 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Notes to the Financial Statements

19 Accounting Policies (continued)

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$