

NOWACO A/S
Prinsensgade 15
DK-9000 Aalborg
Phone: +45 9630 8080
CVR: 6249 7718

Summary of Annual Report 2019



Food for the world

nowaco.com
linkedin.com/company/nowaco-as



**EARNINGS
BEFORE TAX
DKK 50.1
MILLION**

**GROSS
MARGIN
5.1%**

**REVENUE
DKK 3,025.8
MILLION**

**EQUITY
DKK 305.6
MILLION**

**GROSS
PROFIT
DKK 153.6
MILLION**

Financial Highlights And Key Ratios

	NOWACO Group DKK million				NOWACO Group EUR million	
	2016	2017	2018	2019	2018	2019
Income statement						
Revenue	2.738,3	3.050,8	2.855,7	3.025,8	383,2	405,3
Gross profit	151,5	155,2	145,7	153,6	19,5	20,6
Earnings before depr. and amortisation (EBITDA)	50,9	47,9	25,3	42,5	3,4	5,7
Depreciation and amortisation	-1,4	-2,0	-2,1	-1,4	-0,3	-0,2
Earnings before interest and tax (EBIT)	49,5	45,9	23,1	41,1	3,1	5,5
Financial items, net	6,7	6,5	2,3	9,0	0,3	1,2
Earnings on ordinary activities before tax (EBT)	56,2	52,4	25,5	50,1	3,4	6,7
Profit for the year	43,8	40,9	19,8	39,1	2,7	5,2
Balance sheet						
Non-current assets	61,7	7,7	4,4	4,1	0,6	0,5
Current assets	511,1	706,0	625,3	547,1	83,7	73,2
Total assets	572,8	713,7	629,8	551,2	84,3	73,7
Share capital	20,0	20,0	20,0	20,0	2,7	2,7
Retained earnings and proposed dividend	213,4	244,1	247,7	285,6	33,2	38,2
Total shareholders' equity	233,4	264,1	267,7	305,6	35,9	40,9
Provisions	0,8	1,1	0,9	0,8	0,1	0,1
Liabilities other than provisions	338,6	448,5	361,2	244,8	48,3	32,7
Total shareholders' equity and liabilities	572,8	713,7	629,8	551,2	84,3	73,7
Cash flow statement						
Cash flow, operating activities	143,5	-56,6	97,1	47,3	13,0	6,3
Cash flow, investing activities	-1,5	-2,0	-0,4	-1,0	-0,1	-0,1
Free cash flow	142,0	-58,6	96,7	46,3	13,0	6,2
Cash flow, financing activities	-15,0	-15,0	-15,0	-46,5	-13,2	-6,2
Total net cash flow	127,0	-73,6	81,7	-0,2	-0,2	0,0
Average number of employees	157	170	172	174	172	174
Key ratios (%)						
Gross margin	5,5	5,1	5,1	5,1	5,1	5,1
EBIT margin	1,8	1,5	0,8	1,4	0,8	1,4
Net margin	1,6	1,3	0,7	1,3	0,7	1,3
Effective tax rate	22,1	22,1	22,1	22,0	22,1	22,0
Return on invested capital (ROIC)	8,5	7,5	3,5	7,1	3,5	7,1
Return on equity	19,8	16,4	7,5	13,6	7,5	13,6
Equity ratio	40,8	37,0	42,5	55,4	42,5	55,4



NOWACO Executive Management

Peter Fisker Olesen
EVP & COO

Katja Nowak Nielsen
President & CEO

Tom Leth Jensen
VP & COO

Peter H. W. Tuure
CFO

Management review 2019

The financial year 2019 showed an increase in the activity level, even though markets were extremely volatile. Compared to our 2018 turnover, 2019 shows an increase in turnover by 6.0%, and the total volume of goods traded reached a new record level. This successful growth was based on both the development of new markets, as well as a positive growth in existing markets.

Our foreign offices and business areas continued their positive development in 2019 thus making a significant contribution to the Group's strong financial performance.

The year's operations and profit development

The gross profit amounted to DKK 153.6 million in 2019, equal to an increase of DKK 7.9 million, or 5.4%, compared to 2018. In 2019 the Group realized a gross profit margin of 5.1%, and generated a pre-tax profit of DKK 50,1 million. Based on the volatile markets and the result of 2018 in mind, The Supervisory Board considers the profit performance satisfactory.

Balance sheet

The balance sheet of the NOWACO Group amounted to DKK 551.2 million at December 31, 2019 against DKK 629.8 million at December 31, 2018. The reduction in the balance amount relates almost entirely to inventories which has been significantly reduced in the period. The year's cashflow statement of the NOWACO Group shows a net cash flow from operating activities for the year 2019 of DKK 47.3 million compared to DKK 97.1 million in 2018.

Equity amounted to DKK 305.6 million at December 31, 2019 relative to DKK 267.7 million at December 31, 2018.

The Group's solvency ratio stood at a record high 55.4% at December 31, 2019 compared to 42.5% at December 31, 2018.

Outlook for 2020

We faced many challenges on the competitive, global markets during 2019 and expect 2020 to be equally challenging. The present situation with the Corona virus spreading around the world, makes it particularly uncertain what to expect for the coming year. Based on the precondition that the situation will normalize before the beginning of summer 2020, we expect a retention of the activity level of 2019 on the main markets. And as a result of that, a satisfactory profit performance in 2020.

“Our foreign offices and business areas continued their positive development in 2019 thus making a significant contribution to the Group's strong financial performance”



A proven business model

Rebounding from a difficult 2018, NOWACO proved that a global set-up, strong trading skills, and a history of dedicated teams, continue to build a platform for an effective business model. Both turnover, volumes and profitability returned to a satisfying level in 2019.

For NOWACO a turbulent and unpredictable environment generates multiple opportunities. Global presence in all frozen categories, enables NOWACO to utilize market openings as well as changes in the product flow.

Main trends for the year

In a very challenging year, NOWACO was able to benefit from the new opportunities arising. The agility of the organization is a key point when developing our business under difficult circumstances.

The year shifted from over capacity of meat production and price pressure, to a situation with lack of supply and historical high price levels. A situation that was impacted by the African Swine Fever situation in China, and which led to a reduction in the global pork live stock by 25%.

The global trade conditions have been highly influenced by the political agenda. We have witnessed Brexit, the trade war between China and the US, and many local trade initiatives around the world.

In 2019 focus continued on strengthening the partnerships with important suppliers, customers, and shipping agents. By establishing strong ties with our partners, we have been able to build a strong foothold for both NOWACO and our business partners.

Expectations for next year

The global trade conditions are right now under pressure by the Corona virus, and the consequences of the virus are difficult to predict. Taking the size and the global presence of NOWACO into consideration, we aim to become an even more important business partner for our customers and suppliers in 2020.

We foresee that the position as mediator will be strengthened as companies around the world will be able to benefit from dealing with NOWACO, as a financial strong partner.

“In a very challenging year, NOWACO was able to benefit from the new opportunities arising.

The agility of the organization is a key point when developing our business under difficult circumstances”

Statement by Supervisory Board and Executive Management

The Supervisory Board and Executive Management have today considered and adopted the Annual Report of NOWACO A/S for 2019.

The Annual Report has been prepared in compliance with the Danish Financial Statements Act. We consider the accounting policies applied to be appropriate, and, in our opinion, the Annual Report gives a

true and fair view of the Group's and the Company's financial position at December 31, 2019 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - December 31, 2019.

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

Aalborg, March 27, 2020

Executive Management



Katja Nowak Nielsen
President & CEO



Peter Fisker Olesen
EVP & COO



Tom Leth Jensen
VP & COO



Peter H. W. Tuure
CFO

Supervisory Board



Per Søndergaard
Chairman



Torben Ballegaard Sørensen
Deputy Chairman



Juttine Nielsen



Peter Terkelsen



Katja Nowak Nielsen

Independent auditors' report

The Summary financial statement, which comprise the summary balance sheet as at December 31, 2019, the summary income statement and summary cash flow statement for the year then ended, are derived from the audited financial statement of NOWACO A/S for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the Danish Financial Statement Act.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the Danish Financial Statement Act. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

Aalborg, March 27, 2020

Redmark

CVR-NO:29442789



Per Nørgaard Laursen
MNE - no. 9954

State Authorised Public Accountant



Jens Palsgård Nørgaard
MNE - no. 34289

State Authorised Public Accountant

The Audited Financial Statements and Our Report Thereon

We express an unmodified audit opinion on the audited financial statements in our report dated March 27, 2020.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the Danish Financial Statement Act.

Auditor's Responsibility

Our Responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Audition (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Income statement

- for the year ended

31 December 2019

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2019	2018	2019	2018
Revenue	3.025.830	2.855.701	405.276	383.151
Cost of sales	-2.872.275	-2.710.020	-384.709	-363.605
Gross profit	153.555	145.681	20.567	19.546
Other external expenses	-44.168	-54.152	-5.916	-7.266
Staff expenses	-66.889	-66.267	-8.959	-8.891
Earnings before depreciation and amortisation (EBITDA)	42.498	25.262	5.692	3.389
Depreciation and amortisation	-1.445	-2.137	-194	-287
Earnings before interest and tax (EBIT)	41.053	23.125	5.498	3.102
Financial income	14.527	9.086	1.946	1.219
Financial expenses	-5.488	-6.752	-735	-906
Earnings on ordinary activities before tax (EBT)	50.092	25.459	6.709	3.415
Tax on earnings on ordinary activities	-11.001	-5.623	-1.473	-754
Profit for the year	39.091	19.836	5.236	2.661

Balance sheet

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2019	2018	2019	2018
Assets				
Non-current assets				
Intangible assets				
Software	499	1.034	67	139
Total intangible assets	499	1.034	67	139
Property, plant and equipment				
Other fixtures and fittings, tools and equipment	2.494	2.357	334	316
Total property, plant and equipment	2.494	2.357	334	316
Financial assets				
Other receivables	1.066	1.051	143	141
Total financial assets	1.066	1.051	143	141
Total non-current assets	4.059	4.442	544	596
Current assets				
Inventories	87.833	164.271	11.759	21.999
Receivables				
Trade receivables	433.473	432.856	58.031	57.967
Other receivables	8.895	8.472	1.191	1.133
Prepayments	2.430	2.283	325	306
Deferred tax	601	623	80	83
Corporate income tax	1.058	3.829	142	513
Total receivables	446.457	448.063	59.769	60.002
Cash and cash equivalents	12.807	13.014	1.714	1.743
Total current assets	547.097	625.348	73.242	83.744
Total assets	551.156	629.790	73.786	84.340

Balance sheet

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2019	2018	2019	2018
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	20.000	20.000	2.677	2.678
Retained earnings	285.586	247.702	38.233	33.172
Total shareholders' equity	305.586	267.702	40.910	35.850
Provisions				
Provision for deferred tax	806	860	108	115
Total provisions	806	860	108	115
Liabilities other than provisions				
Short-term liabilities				
Credit institutions	20.066	66.571	2.686	8.915
Trade payables	151.500	173.988	20.282	23.300
Debts to related companies	40.000	78.000	5.355	10.446
Prepayments from customers	10.013	17.320	1.341	2.319
Corporate income tax	117	111	16	15
Other payables	23.068	25.238	3.088	3.380
Total liabilities other than provisions	244.764	361.228	32.768	48.375
Total shareholders' equity and liabilities	551.156	629.790	73.786	84.340

Statement of cash flows

- for the year ended

31 December 2019

	NOWACO Group DKK thousand		NOWACO Group EUR thousands	
	2019	2018	2019	2018
Revenue	3.025.830	2.855.701	405.276	383.151
Cost of operating activities	-2.983.332	-2.830.439	-399.584	-379.762
Cash flow, operating activities before change in working capital	42.498	25.262	5.692	3.389
Change in inventories	76.438	-24.993	10.238	-3.353
Change in receivables	-1.187	100.888	-159	13.536
Change in trade payables and other payables, etc.	-69.965	-4.091	-9.371	-549
Cash flow, operating activities	47.784	97.066	6.400	13.023
Net financial items	9.039	2.334	1.211	313
Other financing, exchange-rate adjustments taken to shareholder's equity etc.	-1.587	-1.339	-213	-179
Corporate income tax paid	-7.918	-963	-1.061	-129
Net cash flow, operating activities	47.318	97.098	6.337	13.028
Acquisition of intangible assets	-292	-194	-39	-26
Acquisition of property, plant and equipment	-756	-368	-101	-49
Sale of property, plant and equipment	0	173	0	23
Cash flow, investing activities	-1.048	-389	-140	-52
Free cash flow	46.270	96.709	6.197	12.976
Shareholders:				
Dividends paid	0	-15.000	0	-2.012
Bank loans	-46.505	-83.176	-6.229	-11.160
Cash flow, financing activities	-46.505	-98.176	-6.229	-13.172
Net cash flow, from operating investing and financing activities	-235	-1.467	-32	-196
Cash and cash equivalents and bank loans at 1 January	13.014	14.721	1.743	1.975
Unrealized currency adjustments	28	-240	3	-36
Cash and cash equivalents and bank loans at 31 December	12.807	13.014	1.714	1.743
Breakdown of cash and cash equivalents and bank loans at 31 December				
Cash and cash equivalents	12.807	13.014	1.714	1.743
Cash and cash equivalents and bank loans at 31 December	12.807	13.014	1.714	1.743

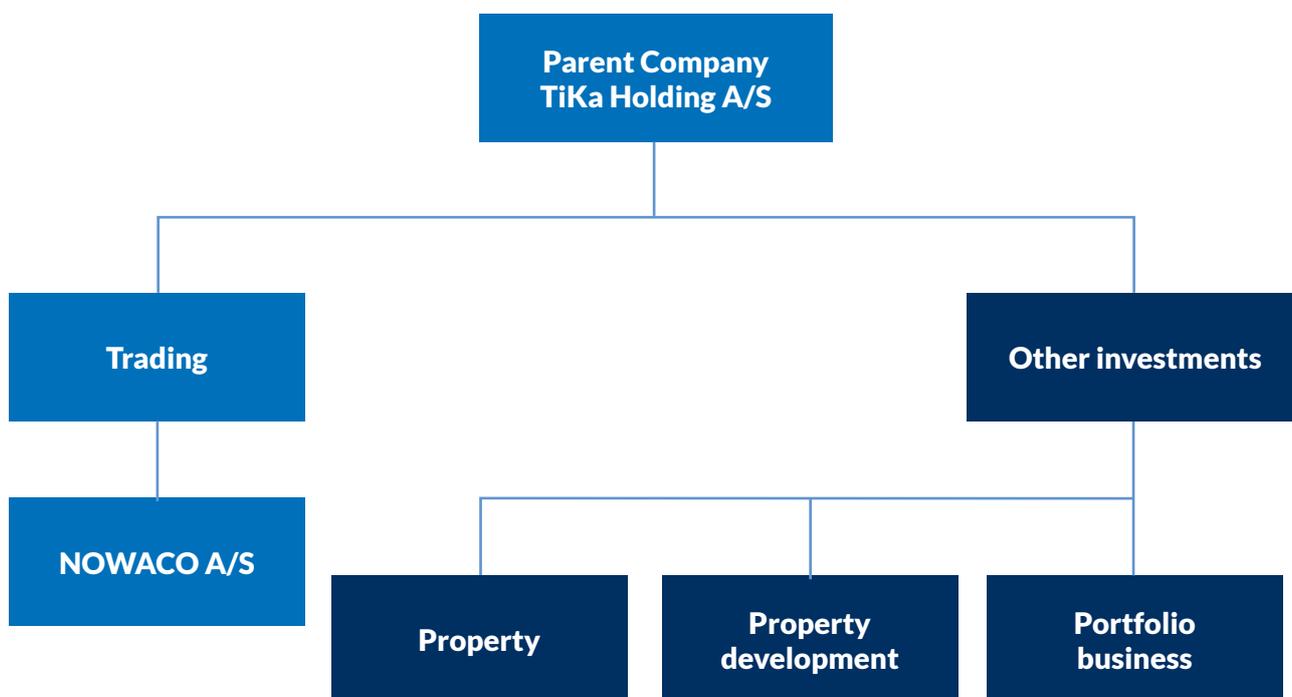


NOWACO is part of the TiKa Holding Group

TiKa Holding A/S holds a 89% stake in NOWACO A/S. The remaining shareholders are members of the management group.

In addition to investing in the food business, TiKa Holding A/S invests in property, property development, portfolio business, and securities.

Group structure



The total equity for TiKa Holding A/S is more than DKK 900 million.

NOWACO world map

