



nowaco.com

Summary of Annual Report 2017



Earnings
before tax
DKK 52.4
million

Gross
margin
5.1%



Revenue
DKK 3,050.8
million



Equity
DKK 264.1
million

Gross profit
DKK 155.2
million

Financial highlights and key ratios

| | NOWACO Group DKK million | | | | NOWACO Group EUR million | |
|---|-----------------------------|--------------|--------------|--------------|-----------------------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2016 | 2017 |
| Income statement | | | | | | |
| Revenue | 2.477,1 | 2.935,0 | 2.738,3 | 3.050,8 | 367,8 | 410,1 |
| Gross profit | 125,7 | 153,2 | 151,5 | 155,2 | 20,3 | 20,9 |
| Earnings before depr. and amortisation (EBITDA) | 43,6 | 46,2 | 50,9 | 47,9 | 6,8 | 6,4 |
| Depreciation and amortisation | -0,5 | -0,6 | -1,4 | -2,0 | -0,2 | -0,3 |
| Earnings before interest and tax (EBIT) | 43,1 | 45,6 | 49,5 | 45,9 | 6,6 | 6,2 |
| Financial items, net | 5,9 | 9,9 | 6,7 | 6,5 | 0,9 | 0,9 |
| Earnings on ordinary activities before tax (EBT) | 49,0 | 55,4 | 56,2 | 52,4 | 7,5 | 7,0 |
| Profit for the year | 37,0 | 43,0 | 43,8 | 40,9 | 5,9 | 5,5 |
| Balance sheet | | | | | | |
| Non-current assets | 41,7 | 62,3 | 61,6 | 7,7 | 8,3 | 1,0 |
| Current assets | 613,9 | 586,2 | 511,1 | 706,0 | 68,8 | 94,8 |
| Total assets | 655,6 | 648,5 | 572,7 | 713,7 | 77,1 | 95,8 |
| Share capital | 20,0 | 20,0 | 20,0 | 20,0 | 2,7 | 2,7 |
| Retained earnings and proposed dividend | 160,0 | 188,3 | 213,4 | 244,1 | 28,7 | 32,8 |
| Total shareholders' equity | 180,0 | 208,3 | 233,4 | 264,1 | 31,4 | 35,5 |
| Provisions | 0,0 | 0,0 | 0,8 | 1,1 | 0,1 | 0,1 |
| Liabilities other than provisions | 475,6 | 440,2 | 338,5 | 448,5 | 45,5 | 60,2 |
| Total shareholders' equity and liabilities | 655,6 | 648,5 | 572,7 | 713,7 | 77,0 | 95,8 |
| Cash flow statement | | | | | | |
| Cash flow, operating activities | -115,8 | 88,6 | 143,5 | -56,6 | 19,3 | -7,6 |
| Cash flow, investing activities | -0,9 | -3,0 | -1,5 | -2,0 | -0,2 | -0,3 |
| Free cash flow | -116,7 | 85,6 | 142,0 | -58,6 | 19,1 | -7,9 |
| Cash flow, financing activities | -15,0 | -15,0 | -15,0 | -15,0 | -2,0 | -2,0 |
| Total net cash flow | -131,7 | 70,6 | 127,0 | -73,6 | 17,1 | -9,9 |
| Average number of employees | 140 | 149 | 157 | 170 | 157 | 170 |
| Key ratios (%) | | | | | | |
| Gross margin | 5,1 | 5,2 | 5,5 | 5,1 | 5,5 | 5,1 |
| EBIT margin | 1,7 | 1,6 | 1,8 | 1,5 | 1,8 | 1,5 |
| Net margin | 1,5 | 1,5 | 1,6 | 1,3 | 1,6 | 1,3 |
| Effective tax rate | 24,5 | 22,5 | 22,1 | 22,1 | 22,1 | 22,1 |
| Return on invested capital (ROIC) | 7,9 | 7,1 | 8,5 | 7,5 | 8,5 | 7,5 |
| Return on equity | 20,5 | 22,1 | 19,8 | 16,4 | 19,8 | 16,4 |
| Equity ratio | 27,5 | 32,1 | 40,8 | 37,0 | 40,8 | 37,0 |

NOWACO EXECUTIVE MANAGEMENT

Preben K. Nielsen
Managing Director
CEO



Katja N. Nielsen
COO



Peter Fisker Olesen
COO



Tom Leth Jensen
COO



Peter H. Tuure
CFO



Management's review 2017

The 2017 financial year was characterized by an increasing activity level as well as unstable markets. Compared to our 2016 turnover, 2017 shows an increase in turnover of 11.4%, which is based on both the development of new markets and the positive growth in existing markets.

Our foreign offices and business areas continued their positive development in 2017, 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 155.2 million in 2017, equal to an increase of DKK 3.7 million, or 2.4%, compared to 2016. In 2017 the Group realized a gross profit margin of 5.1%, and generated a pre-tax profit of DKK 52.4 million. The Supervisory Board considers the profit performance satisfactory.

Balance sheet

The balance sheet of the NOWACO A/S Group amounted to DKK 713.7 million at 31 December 2017 against DKK 572.7 million at 31 December 2016.

Equity amounted to DKK 264.1 million at 31 December 2017 relative to DKK 233.4 million at 31 December 2016. The Group's solvency ratio stood at 37.0% at 31 December 2017.

Outlook for 2018

We faced many challenges on the competitive, global markets during 2017 and expect 2018 to be equally challenging. Satisfactory growth is expected in most markets in 2018.

“2017 shows an increase in turnover of 11.4%, which is based on both the development of new markets and the positive growth in existing markets”



A truly global company

Through many years NOWACO has been a global merchant selling and buying frozen foodstuff. When operating in a global market, there will always be challenges in some areas, whereas it is paramount to be agile. Being adaptable and flexible is the true nature of NOWACO's culture, hence; no international crisis can cause NOWACO disturbing problems.

In 2017 the key business points can be described as follows:

The volume grew from 270.000 tonnes in 2016 to 292.000 tonnes in 2017, and shows an increase of 8.2%. Even though slaughtering of pork in Europe decreased significantly, NOWACO managed to gain market share in most sales markets. By this a record high turnover of DKK 3,050 million was realized. The management therefore considers NOWACO's business model for future development as very solid.

Central international business areas were marked by extreme competition during 2017. A decrease in supply combined with lower import volumes, especially in Asia lead to reduced margins on the trade. As these markets are of strategic importance, NOWACO has adapted accordingly.

In the beginning of 2017 the industry was hit by a shipping crisis. As a consequence of the bankruptcy of Hanjin Shipping, a considerable shortage of equipment developed over the period from February to June. This lead to notable increases in cost as well as delays and cancellation of orders. The cost of this unpredictable event had a significant negative effect on the result for 2017. In order to remain a reliable business partner, NOWACO had to absorb the unforeseen extra freight cost.

2017 showed a very positive development for the regions Africa and South America. The investments made in the previous years are now materializing, both in turnover, volume, and result.

Taking the above into consideration, we are satisfied with the result of 2017. The outlook for the coming year is positive. The organization has been strengthened, in terms of global offices and employee development, which will continue to impact positively on volume and market share.

The very strong financial position of NOWACO combined with the commercial progress and dedicated teams around the world, deliver the platform for sustainability and future global growth.

“Being adaptable and flexible is the true nature of NOWACO's culture, hence; no international crisis can cause NOWACO disturbing problems”

Statement by the Supervisory Board and Executive Management on the Annual Report

The Supervisory Board and Executive Management have today considered and adopted the Annual Report of NOWACO A/S for 2017. The Annual Report has been prepared

Aalborg, 27 March 2018
Executive Management

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 31 December 2017, and of the results of

the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2017. We recommend that the Annual Report be adopted at the Annual General Meeting.

Preben K. Nielsen
Managing Director / CEO

Katja Nowak Nielsen
COO

Peter Fisker Olesen
COO

Tom Leth Jensen
COO

Peter H. Tuure
CFO

Supervisory Board

Per Søndergaard
Chairman

Jens Møller
Deputy Chairman

Juttine Nielsen

Peter Terkelsen

Katja Nowak Nielsen

Independent auditors' report

The accompanying summary annual accounts, which comprise the summary balance sheet as at 31 December 2017, the summary profit and loss account, the summary cash flow statement for the year then ended, are derived from the audited annual accounts of NOWACO A/S for the year ended 31 December 2017. We expressed an unmodified audit opinion on those annual accounts in our report dated 27 March 2018. Those annual accounts, and the summary annual accounts, do not reflect the effects of events that occurred subsequent to

Aalborg, 27 March 2018

Redmark
CVR-No.: 29442789

the date of our report on those annual accounts.

The summary annual accounts do not contain all the disclosures required by the Danish Financial Statements Act. Reading the summary annual accounts, therefore, is not a substitute for reading the audited annual accounts of NOWACO A/S.

Management's Responsibility for the Summary Annual Accounts

Management is responsible for the preparation of a summary of the audited annual accounts in accordance with the Danish Financial Statement Act.

Per Nørgaard Laursen
MNE - no. 9954
State Authorised Public Accountant

Auditor's Responsibility

Our responsibility is to express an opinion on the summary annual accounts based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summary annual accounts derived from the audited annual accounts of NOWACO A/S for the year ended 31 December 2017 are consistent, in all material respects, with those annual accounts, in accordance with the Danish Financial Statements Act.

Jens Nørgaard
MNE - no. 34289
State Authorised Public Accountant

Income statement

- for the year ended 31 December 2017

| | NOWACO Group DKK thousand | | NOWACO Group EUR thousands | |
|---|------------------------------|----------------|-------------------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue | 3.050.759 | 2.738.310 | 410.120 | 367.785 |
| Cost of sales | -2.895.523 | -2.586.811 | -389.251 | -347.437 |
| Gross profit | 155.236 | 151.499 | 20.869 | 20.348 |
| Other external expenses | -44.159 | -44.459 | -5.936 | -5.971 |
| Staff expenses | -63.172 | -56.195 | -8.492 | -7.548 |
| Earnings before depreciation and amortisation (EBITDA) | 47.905 | 50.845 | 6.440 | 6.829 |
| Depreciation and amortisation | -1.986 | -1.392 | -267 | -187 |
| Earnings before interest and tax (EBIT) | 45.919 | 49.453 | 6.173 | 6.642 |
| Financial income | 12.421 | 11.021 | 1.670 | 1.480 |
| Financial expenses | -5.912 | -4.287 | -795 | -576 |
| Earnings on ordinary activities before tax (EBT) | 52.428 | 56.187 | 7.048 | 7.547 |
| Tax on earnings on ordinary activities | -11.564 | -12.403 | -1.555 | -1.666 |
| Profit for the year | 40.864 | 43.784 | 5.493 | 5.881 |

Balance sheet

| | NOWACO Group DKK thousand | | NOWACO Group EUR thousands | |
|--|------------------------------|----------------|-------------------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | | | | |
| Software | 2.406 | 2.925 | 323 | 393 |
| Total intangible assets | 2.406 | 2.925 | 323 | 393 |
| Property, plant and equipment | | | | |
| Other fixtures and fittings, tools and equipment | 2.743 | 2.286 | 368 | 307 |
| Total property, plant and equipment | 2.743 | 2.286 | 368 | 307 |
| Financial assets | | | | |
| Other receivables | 2.560 | 56.422 | 344 | 7.589 |
| Total financial assets | 2.560 | 56.422 | 344 | 7.589 |
| Total non-current assets | 7.709 | 61.633 | 1.035 | 8.290 |
| Current assets | | | | |
| Inventories | 139.278 | 75.396 | 18.708 | 10.142 |
| Receivables | | | | |
| Trade receivables | 533.915 | 392.057 | 71.716 | 52.736 |
| Other receivables | 7.087 | 4.556 | 952 | 613 |
| Prepayments | 1.897 | 1.215 | 255 | 163 |
| Deferred tax | 713 | 744 | 96 | 100 |
| Corporate income tax | 8.399 | 2.711 | 1.128 | 365 |
| Total receivables | 552.011 | 401.283 | 74.146 | 53.977 |
| Cash and cash equivalents | 14.721 | 34.463 | 1.977 | 4.636 |
| Total current assets | 706.010 | 511.142 | 94.831 | 68.755 |
| Total assets | 713.719 | 572.775 | 95.867 | 77.045 |

Balance sheet

| | NOWACO Group DKK thousand | | NOWACO Group EUR thousands | |
|---|------------------------------|----------------|-------------------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Shareholders' equity and liabilities | | | | |
| Shareholders' equity | | | | |
| Share capital | 20.000 | 20.000 | 2.686 | 2.690 |
| Retained earnings | 244.124 | 213.440 | 32.791 | 28.710 |
| Total shareholders' equity | 264.124 | 233.440 | 35.477 | 31.400 |
| Provisions | | | | |
| Provision for deferred tax | 1.104 | 810 | 148 | 109 |
| Total provisions | 1.104 | 810 | 148 | 109 |
| Liabilities other than provisions | | | | |
| Short-term liabilities | | | | |
| Credit institutions | 149.747 | 95.287 | 20.114 | 12.817 |
| Trade payables | 186.917 | 155.806 | 25.107 | 20.958 |
| Debts to related companies | 75.500 | 50.500 | 10.141 | 6.793 |
| Prepayments from customers | 21.532 | 24.362 | 2.892 | 3.277 |
| Corporate income tax | 107 | 109 | 14 | 15 |
| Other payables | 14.688 | 12.461 | 1.973 | 1.676 |
| Total liabilities other than provisions | 448.491 | 338.525 | 60.241 | 45.536 |
| Total shareholders' equity and liabilities | 713.719 | 572.775 | 95.867 | 77.045 |

Cash flow statement

- for the year ended 31 December 2017

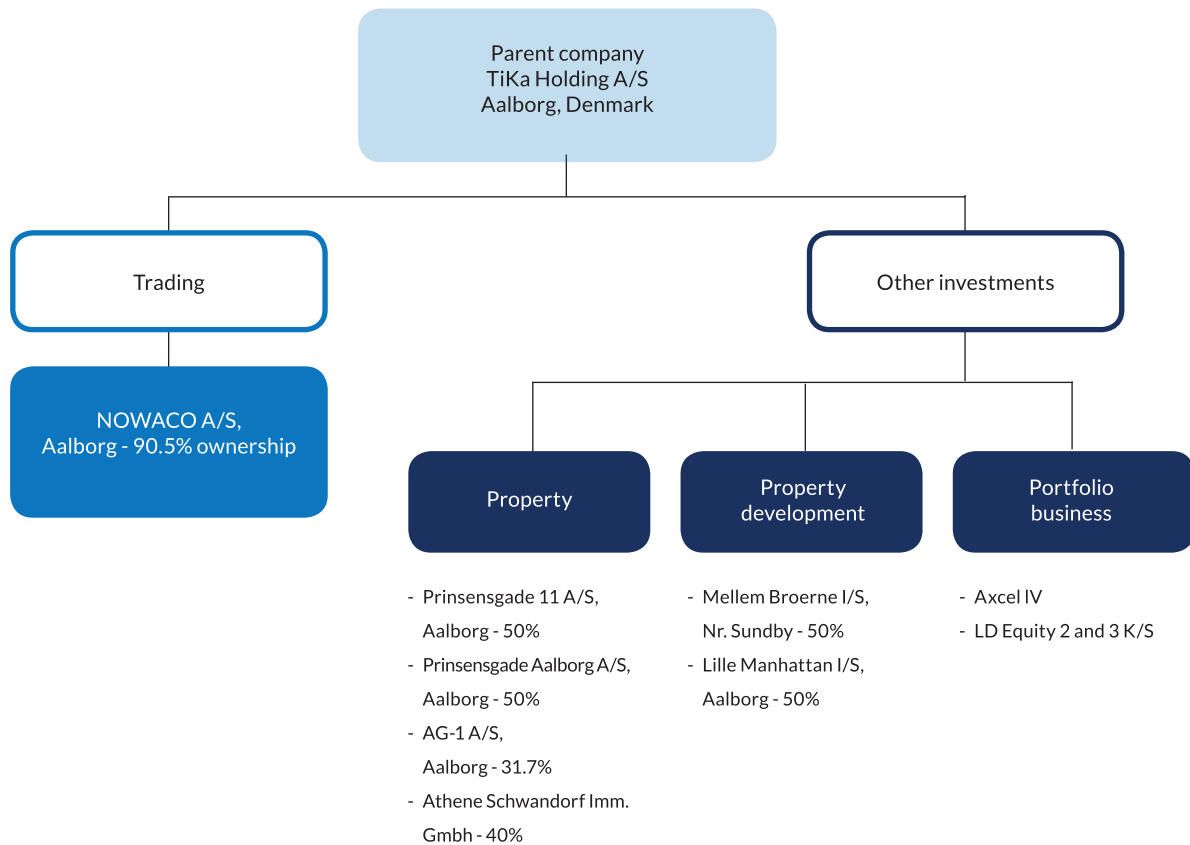
| | NOWACO Group DKK thousand | | NOWACO Group EUR thousands | |
|---|------------------------------|----------------|-------------------------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Revenue | 3.050.759 | 2.738.310 | 410.120 | 367.785 |
| Cost of operating activities | -3.002.854 | -2.687.465 | -403.680 | -360.956 |
| Cash flow, operating activities before change in working capital | 47.905 | 50.845 | 6.440 | 6.829 |
| Change in inventories | -63.882 | 10.057 | -8.588 | 1.351 |
| Change in receivables | -90.813 | 75.359 | -12.208 | 10.122 |
| Change in trade payables and other payables, etc. | 55.508 | 14.766 | 7.462 | 1.983 |
| Cash flow, operating activities | -51.282 | 151.027 | -6.894 | 20.285 |
| Net financial items | 6.509 | 6.734 | 875 | 904 |
| Other financing, exchange-rate adjustment taken to shareholders' equity, etc. | 6.743 | -4.972 | 906 | -668 |
| Corporate income tax paid | -18.595 | -9.290 | -2.500 | -1.248 |
| Net cash flow, operating activities | -56.625 | 143.499 | -7.613 | 19.274 |
| Acquisition of intangible assets | -811 | -1.787 | -109 | -240 |
| Acquisition of property, plant and equipment | -1.363 | -538 | -183 | -72 |
| Sale of property, plant and equipment | 225 | 870 | 30 | 117 |
| Cash flow, investing activities | -1.949 | -1.455 | -262 | -195 |
| Free cash flow | -58.574 | 142.044 | -7.875 | 19.078 |
| Shareholders: | | | | |
| Dividends paid | -15,000 | -15,000 | -2.016 | -2.015 |
| Cash flow, financing activities | -15,000 | -15,000 | -2,016 | -2,015 |
| Net cash flow, from operating, investing and financing activities | -73.574 | 127.044 | -9.891 | 17.063 |
| Cash and cash equivalents and bank loans at 1 January | -60.824 | -188.272 | -8.177 | -25.287 |
| Unrealized currency adjustments | -628 | 404 | -69 | 41 |
| Cash and cash equivalents and bank loans at 31 December | -135.026 | -60.824 | -18.137 | -8.182 |
| Breakdown of cash and cash equivalents and bank loans at 31 December: | | | | |
| Cash and cash, equivalents | 14.721 | 34.463 | 1.977 | 4.636 |
| Bank loans | -149.747 | -95.287 | -20.114 | -12.817 |
| Cash and cash equivalents and bank loans at 31 December | -135.026 | -60.824 | -18.137 | -8.182 |



NOWACO is part of the TiKa Holding Group

TiKa Holding A/S holds a 90.5% 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.



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

NOWACO world map



NOWACO is represented at several of the world's leading food exhibitions throughout the year. Here we meet our customers and establish new business relations with some of the world's suppliers of food and foodstuffs.

Please see our exhibition programme for 2018 here:



11 - 22 February 2018



24 - 26 April 2018



24 - 27 April 2018



1 - 4 May 2018



5 - 8 June 2018



5 - 8 September 2018



Food for the world

nowaco.com
Phone: +45 9630 8080
[linkedin.com/company/nowaco-as](https://www.linkedin.com/company/nowaco-as)