
Billund Aquaculture A/S

Montanavej 2, DK-7190 Billund

Annual Report for 2022

CVR No. 10 05 97 71

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/6 2023

Mattis Sørensen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Billund Aquaculture A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Billund, 26 June 2023

Executive Board

Bjarne Hald Olsen

Christian Stensgård Sørensen

Board of Directors

Pål Øyvind Berg
Chairman

Christian Stensgård Sørensen

Mattis Sørensen

Jo-Kristian Rasmussen

Jon Refsnes

Independent Auditor's report

To the shareholders of Billund Aquaculture 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Billund Aquaculture A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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.

Independent Auditor's report

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, 26 June 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Morten Jacobsen

State Authorised Public Accountant

mne44140

Company information

The Company	Billund Aquaculture A/S Montanavej 2 DK-7190 Billund CVR No: 10 05 97 71 Financial period: 1 January - 31 December Municipality of reg. office: Billund
Board of Directors	Pål Øyvind Berg, chairman Christian Stensgård Sørensen Mattis Sørensen Jo-Kristian Rasmussen Jon Refsnes
Executive Board	Bjarne Hald Olsen Christian Stensgård Sørensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	38,116	107,867	74,026	41,558	68,253
Profit/loss before financial income and expenses	-70,651	5,940	-5,831	-21,908	11,587
Profit/loss of financial income and expenses	-23,015	-5,930	-15,391	1,637	-939
Net profit/loss	-88,031	-1,386	-19,137	-15,141	8,448
Balance sheet					
Balance sheet total	126,880	236,075	217,214	151,379	151,953
Investment in property, plant and equipment	3,189	3,189	3,310	4,497	6,042
Equity	61,546	105,007	64,664	43,055	58,201
Number of employees	154	172	149	129	114
Ratios					
Return on assets	-55.7%	2.5%	-2.7%	-14.5%	7.6%
Solvency ratio	48.5%	44.5%	29.8%	28.4%	38.3%
Return on equity	-105.7%	-1.6%	-35.5%	-29.9%	15.6%

Management's Review

Key Activities

The main activity of Billund Aquaculture A/S is to design, manufacture, install and service intensive land-based recirculating aquaculture systems.

The Company specializes in recirculating aquaculture systems using a minimum of resources per output unit at all operational process stages. There is also a strong focus on the systems using the minimum of electricity and water, as well as causing minimal pollution.

The upshot of this is the application of, e.g., the newest and most energy-efficient technologies for pumping and purification as well as for the filtration of sludge and polluted water to produce optimized fertilizer.

In Recirculating Aquaculture Systems (RAS), the water is purified and reused, which means that the water consumption per kilo fish produced may, in some cases, be reduced to less than one per cent of the amount used in conventional aquaculture systems.

The overall goal is that recirculating aquaculture systems produced by the Company will be synonymous with sustainable fish farming.

Development in the year

The income statement of the Company for 2022 shows a deficit of TDKK 88,031. The balance sheet of the Company on 31 December 2022 shows a balance of TDKK 126,880 and equity of TDKK 61,546.

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

The projects of the Company include the more traditional RAS for Smolt and Post-Smolt with a tendency towards larger and more advanced systems. This is i.e. because the fish stay longer in the land-based systems, where they grow bigger in controlled environments and thus their remaining growth period in the ocean is reduced, which contributes to reduced exposure to biological hazards in marine environments and, thus, increased productivity.

The projects of the Company also include the newer RAS for Grow-Out where the fish stay in land-based systems until they reach slaughter size. Arguments for Grow-Out are, among others, enhanced fish welfare and enhanced sustainability due to lower impact on surrounding environment. Placement of Grow-Out systems focuses on reduced transport and carbon dioxide emissions, and nearness to consumers.

Other than design, production and installation, customers of the Company are offered service and maintenance, biological and technical support, as well as training and education.

The market for Post-Smolt and Grow-Out systems is in strong growth and is expected to strengthen further in coming years. We are experiencing massive demand for this technology. Our global market leading position is retained by innovation and of the newest technologies for these particular systems.

The Company established significant know-how together with focus on developing new technologies and solutions. The established know-how, together with local presence in the significant salmon producing countries and long-lasting customer relations, gives a good foundation for long-term growth.

Management's Review

In 2022, there was a good influx of new orders and the volume of orders at year end was at a level ensuring the majority of the expected activity for 2023, and still with a portfolio of project under negotiation at various stages.

The Company 2022 accounts are significantly deviating from the expectations going into the year, which is caused by multiple factors.

The main contributor to the negative 2022 result has been significant reductions from the expected to the realized contributions margin on a number of projects being finalized during 2022. These are projects that were entered into prior to COVID19 and the war in Ukraine, and which significantly was impacted by external factors such as COVID19, inflation and high volatility in project cost input.

The Company has experienced a lower than expected turnover, as several projects in 2022 were postponed as a consequence of significant macro uncertainties, especially relating to high inflation and extensive volatility in cost input to the industry.

Foreign exchange risks

Due to foreign activities, profit, cash flows and equity are affected by exchange and interest rate developments for a number of currencies. Commercial exchange risks are systematically hedged by entering into forward exchange contracts for net positions in all key currencies in order to minimize exchange rate risks.

Targets and expectations for the year ahead

The Company is one of the world's leading suppliers of land-based aquaculture recirculating systems.

Due to an increasing consumption of fish and reduced catch of wild living fish, a sharply increasing level of activity in aquaculture worldwide is expected. Land-based breeding of fish is developing rapidly, and both the number of projects and the size of the projects is still increasing. Industry reports shows increasing rationale for land-based breeding of fish due to increasing costs and continuous challenges within traditional production and wild catch.

We continue to experience great interest in Billund Aquaculture RAS and a large sales and customer activity compared with the current contingent order backlog means that the conditions for the expected market growth in the coming year are present.

The expectations for the revenue in 2023 are in the range DKK 300-400 million and the result after taxes in the range negative DKK 3-7 million, incl. profit in subsidiaries.

Research and development

The Company is optimizing aquaculture systems on an ongoing basis, ensuring that the latest and most energy-efficient technology is applied. Unrelenting efforts are directed at developing the next generation of RAS, including the development of concepts and solutions that will distinguish Billund Aquaculture even further from our competitors.

Management's Review

An extensive development program was undertaken during the last years, with focus of the development, test and optimization of solutions and technologies to enhance and extend the market leading position of the Company on systems for Post-Smolt and Grow-Out (i.e. "large fish").

Optimization of current technologies and solutions, including development of energy and resource optimization and automation is still ongoing, and the Company continues certain investments activities in 2023.

External environment

The production of aquaculture systems does not impact negatively on the environment. Furthermore, substantial resources are allocated to ensuring that the operational processes of the aquaculture systems will have an absolutely minimal impact on the environment.

The Company gives high priority to compliance and continuous efforts are made to comply with legislation in the countries in which the Company operates.

Intellectual capital resources

The Company employs unskilled and skilled staff as well as academics with expert knowledge in the field of design, electronics, hydraulics, fish biology, water purification as well as the production and installation of aquaculture systems.

We are a market-leading player with a flat organizational structure, an international and informal environment in an exciting industry in colossal development.

Our dedicated employees are ambitious, competent and they strive to offer technological environmentally friendly and green solutions. We contribute actively to a sustainable world, for example, by supporting ten of the seventeen UN Sustainable Development Goals. In particular we support, goal: 2, 3, 4, 6, 8, 9 11, 13, 14, and 15.

Management's Review

Statement of corporate social responsibility

Business model

Billund Aquaculture wants to support new, sustainable and efficient aquaculture and protein production through the development of innovative water recycling technologies and the best service and advice to our customers as well as develop projects that meet their needs and accompany them in every step as they grow.

Billund Aquaculture's values

- Solid

We are honest, reliable and have experience, which makes us a safe choice for our customers.

- Passionate

Our dedicated team is committed to delivering the best products and solutions.

- Visionary

We are creative, innovative and capable of developing future-oriented strategies for aquaculture.

The Company offers design, production, installation of intensive land-based fish farming facilities, and RAS facilities, based on recycling technology. In addition, agreements are offered on service and maintenance, biological and technological support as well as training and education.

The Company has built up considerable know-how, as well as a focus on developing new technologies and solutions. The accumulated know-how, together with a local presence in the most important salmon-industrial countries and long-term customer relationships, provides a good starting point for long-term growth.

Significant risks relating to corporate social responsibility

At least once a year, Billund Aquaculture assesses focus areas as regards the Company's operations and growth potential. The assessment is comprised of i.e. a comparison of the likelihood and possible effect of a number of elements related to corporate social responsibility.

This year's assessment of identified conditions, as well as completed and planned activities can be summarized in the following:

Management's Review

Area	Identified conditions	2021 activities	2022 activities	2023 activities
Environment and climate	Existing and future legal requirements for energy efficiency and increased customer focus	Extend environment and climate policy As a result of Energy and Health Check, i.e. exchanged a gas forklift for an electric one.	Continued development of environmental and climate policies	Continued development of environmental and climate policies
Human Rights	Our assessment is: no significant risks as we operate in regulated markets where working conditions are regulated etc. Often, we are in close cooperation with customers and/or main contractor that also regulate local working environment, safety etc.	Prepare policy Supplier relations: prepare a code of conduct Analysis of UN Global Compact as well as a decision about joining	Formalizing/completion of existing policies Supplier relations: analysis of UN Global Compact including presentations of Code of Conduct is expected to be finished and implemented	Implementation of Supplier Code of Conduct with bigger suppliers.
Social conditions	See above in Human rights. In addition, there is continuous focus on compliance with local law and rules among others social security etc.	Prepare policy Work is ongoing for establishing and maintaining social security and compliance with country specific laws and regulations	Formalizing/completion of present policies	Formalizing/completion of present policies
Employee relations	Work environment, employee satisfaction thus attracting and retaining employees	Performance reviews are conducted in all companies in the Company Well-being surveys are conducted in all companies in the Company Feedback reports from both the performance reviews and well-being surveys are followed up on a regular basis	Performance reviews and well-being surveys continue to be conducted and are followed up with feedback.	IT system with biweekly questionnaires to monitor employee satisfaction has been implemented. Including whistle blower feature with reporting directly to HR. Focus will be to analyse employee feedback and take measures to improve employee satisfaction.
Anti-corruption	Our evaluation: No significant risks as we work in regulated markets	Prepare policy	Formalizing/Completion of existing policy	Implementation of Supplier Code of Conduct with all bigger suppliers.

Management's Review

Policies, activities and results

We update regularly our policies that support the most important areas as defined under material risks, i.e. Environment and climate and Employee relations.

Environment and climate

The efforts in the environment and climate area are essentially driven by our customers' demands for sustainable and efficient aquaculture through the development of innovative water recycling technologies, energy efficiency and reduced CO2 footprint, which are continuously specified in the customers tender documentation on all projects.

We have a clear policy of offering the most energy efficient solution, and carrying out ongoing product development to ensure that our solutions reduce the use of resources as much as possible, i.e. in terms of the use of energy and oxygen.

We also offer solutions that recycle the resources in our facilities to the maximum, including water and waste substances.

As a result of these policies, we have during the year in the design phases been working with our clients to optimize the facility designs to ensure the most sustainable and energy efficient solutions. These are efforts that will continue both in current and future projects.

Employee relations

As far as employee relations are concerned, we have policies in a number of areas. The essence of the policies is reproduced in our employee handbook, which i.e. describes the handling of a number of conditions such as; Our Values, Recruitment, On-Boarding, 3-Month interview, Sick leave interviews, Employee-Development interviews, Social security etc.

We have a well-functioning work environment committee with management participation, and there is an agreed action plan with ongoing follow-up. Everything is targeted at a structured approach to employee relations to ensure that employees thrive in the workplace and can deliver good results. We work continuously to offer personnel good and flexible terms of employment, as well as the opportunity for personal and professional development.

To ensure a good dialogue with employees, an IT platform for biweekly questionnaires and continues follow up has been implemented in Billund Aquaculture AS. An annual well-being survey is also conducted in the Company in order to follow the development on well-defined parameters. Comparatively the employee satisfaction in the Company is good, but efforts are put into further improvement.

So far we have not been able to measure specific results but find a god employee satisfaction in the measurements taken and we will continue to closely monitor the developments.

Anti-corruption and human rights

The Company conducts business in thoroughly regulated markets, where authorities control the business community's compliance with legislation, and where the social partners agree on working conditions, including in relation to human rights.

Even though the Company's activities are not exercised in high-risk areas, the Company is implementing a Supplier Code of Conduct, to ensure that suppliers certify that their activities are compliant with UN human rights regulation and anti-corruption measures are taken.

Management's Review

The Company believes that it will generally have a positive effect and increase awareness of Anti-corruption and human rights down the value chains when end user present written requirements and specify its requirements to suppliers.

Statement on gender composition

Target figures for the Board of Directors

The current Board of Directors of the Company elected by the General Meeting consists of five members and all members are men. The Company has set a target of 20% female members to be elected to the Board of Directors by 2026.

The Company did not meet last years target for the year 2022 as the Company had a change in the ownership and all new owners appointed members were men.

Target figures for other management levels

The BA Group policy comprises all companies in the Company, and the target is to increase the share of the underrepresented gender at all management levels of the Company. The Company has set a target for the share of the underrepresented gender to constitute minimum 40%. Said policy is pursued through focus on diversity when internal promoting and new hires. The Company's policy on the gender composition is that for all new positions, the best-qualified candidate is employed, but to the extent possible, candidates of both sexes are nominated.

Data Ethics

The technological development and focus on increasing digitalization hold large possibilities for growth and innovation.

Technology is taking up more and more space and the introduction of new services places demands on the readiness for change and responsibility of the organization.

The Company has, therefore, agreed on overarching principles for ethical handling of data. The policy supplements our general responsibilities to integrate and comply with the applicable laws, including the General Data Protection Regulation (GDPR) and the Data Protection Law.

The policy applies to all categories of data and specifies that all handling of data shall following the ethical principals outlined below:

Safety

We maintain a high level of IT-security in order to protect confidential information, know-how and personnel data processed in The Company against unauthorized access and use.

Quality

We maintain a high level of data quality. This applies to all data, including the data on which we base our decisions, the data that we publish and upon which the authorities, the customers, the investors and other stakeholders are dependent.

Management's Review

Transparency

We are transparent to individuals about the personnel data we collect on them, how we use it and with whom we share it.

Respect

We respect confidential information, know-how, and trade secrets belonging to customers, partners, suppliers, etc. and use them only to the extent that the use is permitted and approved. We respect data protection rights and the integrity and confidentiality of personnel data.

Uncertainty relating to recognition and measurement

There is no unusual uncertainty with recognition and measurement in the annual report.

Unusual events

The Company's assets, liabilities and financial position as of 31 December 2022 as well as the result of the Company's activities and cash flows for 2022 have been affected by unusual circumstances. The financial statements of the Company are affected by both indirect and direct Covid-19-related costs, inflation and high volatility in project cost as a consequence of the war in Ukraine.

Subsequent events

No events have occurred after the end of the financial year that could significantly disrupt the financial position of the Company.

Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Gross profit		38,116	107,867
Staff expenses	2	-96,576	-92,086
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-8,649	-8,363
Other operating expenses		-3,542	-1,478
Profit/loss before financial income and expenses		-70,651	5,940
Income from investments in subsidiaries	4	-25,740	-6,223
Financial income	5	6,075	4,121
Financial expenses	6	-3,350	-3,828
Profit/loss before tax		-93,666	10
Tax on profit/loss for the year	7	5,635	-1,396
Net profit/loss for the year	8	-88,031	-1,386

Balance sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Completed development projects		35,919	35,333
Development projects in progress		2,149	4,014
Intangible assets	9	38,068	39,347
Other fixtures and fittings, tools and equipment		8,142	10,542
Property, plant and equipment	10	8,142	10,542
Investments in subsidiaries	11	635	21,358
Other receivables	12	1,754	2,104
Fixed asset investments		2,389	23,462
Fixed assets		48,599	73,351
Raw materials and consumables		9,324	13,278
Inventories		9,324	13,278
Trade receivables		2,017	12,908
Contract work in progress	13	13,967	60,537
Receivables from group enterprises		45,313	68,456
Other receivables		3,595	1,698
Corporation tax		0	1,020
Prepayments	14	2,810	2,989
Receivables		67,702	147,608
Cash at bank and in hand		1,255	1,838
Current assets		78,281	162,724
Assets		126,880	236,075

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital	15	15,248	15,248
Reserve for development costs		29,693	30,691
Reserve for hedging transactions		1,507	0
Reserve for exchange rate conversion		-5,953	-4,013
Retained earnings		21,051	63,081
Equity		61,546	105,007
Provision for deferred tax	16	0	6,025
Other provisions	17	5,230	3,000
Provisions		5,230	9,025
Lease obligations		2,308	2,821
Other payables		3,155	3,155
Long-term debt	18	5,463	5,976
Credit institutions		1,848	47,230
Lease obligations	18	850	644
Trade payables		22,369	27,640
Contract work in progress	13	10,588	3,475
Payables to group enterprises		1,262	20,298
Payables to owners and Management		0	312
Other payables	18	17,479	16,468
Deferred income	19	245	0
Short-term debt		54,641	116,067
Debt		60,104	122,043
Liabilities and equity		126,880	236,075
Going concern	1		
Contingent assets, liabilities and other financial obligations	20		
Related parties	21		
Accounting Policies	22		

Statement of changes in equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	15,248	30,691	0	-4,013	63,081	105,007
Exchange adjustments	0	0	0	-1,940	0	-1,940
Contribution from group	0	0	0	0	46,121	46,121
Purchase of treasury shares	0	0	0	0	-1,118	-1,118
Other equity movements	0	0	1,507	0	0	1,507
Development costs for the year	0	2,959	0	0	-2,959	0
Depreciation, amortisation and impairment for the year	0	-3,957	0	0	3,957	0
Net profit/loss for the year	0	0	0	0	-88,031	-88,031
Equity at 31 December	15,248	29,693	1,507	-5,953	21,051	61,546

Notes to the Financial Statements

1. Going concern

Management prepared a plan and a budget for 2023 that shows significant improvements of the result. The budget assumes that revenues will increase with an increasing margin. These assumptions are based on signed contracts with customers. The improvements compared to 2022 is partly driven by finalization of large low margin contracts affecting margins in 2022 negatively. Further, initiatives to reduce fixed costs are initiated.

Budgeted cash flows are based on critical assumptions, including a loan from existing owners. Further, and only if needed, existing owners are committed to inject additional capital needed in 2023. Both the loan and the commitment to inject additional capital are limited. Based on the 2023 budget management assesses that the loan will ensure sufficient capital resources for the entity to continue as a going concern and the financial statements are prepared as such.

If materialized the inherent risk related to uncertainties in the budget may influence the entity's financial position.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
2. Staff Expenses		
Wages and salaries	88,162	82,505
Pensions	4,768	4,211
Other social security expenses	1,528	1,439
Other staff expenses	2,118	3,931
	<u>96,576</u>	<u>92,086</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	3,367	4,822
Board of directors	938	688
	<u>4,305</u>	<u>5,510</u>
Average number of employees	<u>154</u>	<u>172</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	5,074	5,070
Depreciation of property, plant and equipment	3,575	3,293
	<u>8,649</u>	<u>8,363</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
4. Income from investments in subsidiaries		
Share of profits	-25,537	-6,020
Amortisation of goodwill	-203	-203
	<u>-25,740</u>	<u>-6,223</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
5. Financial income		
Interest received from group enterprises	1,637	1,553
Other financial income	324	582
Exchange adjustments	4,114	1,986
	<u>6,075</u>	<u>4,121</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
6. Financial expenses		
Interest paid to group enterprises	776	859
Other financial expenses	2,574	2,969
	<u>3,350</u>	<u>3,828</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
7. Income tax expense		
Deferred tax for the year	-6,025	2,032
Adjustment of tax concerning previous years	390	-636
	<u>-5,635</u>	<u>1,396</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
8. Profit allocation		
Retained earnings	-88,031	-1,386
	-88,031	-1,386

9. Intangible fixed assets

	Completed development projects	Develop- ment projects in progress
	TDKK	TDKK
Cost at 1 January	46,349	4,014
Additions for the year	5	3,790
Transfers for the year	5,655	-5,655
Cost at 31 December	52,009	2,149
Impairment losses and amortisation at 1 January	11,016	0
Amortisation for the year	5,074	0
Impairment losses and amortisation at 31 December	16,090	0
Carrying amount at 31 December	35,919	2,149

Focus of the development projects was primarily to develop, test and optimize solutions and technologies to enhance and extend the group's market leading position on systems for post-smolt and Grow-Out (i.e. "large fish").

Development projects include development and optimization of solutions and technologies. Development is partly in own test facilities and partly in cooperation with customers and educational institutions in connection with construction of RAS

Notes to the Financial Statements

10. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	<u>TDKK</u>
Cost at 1 January	25,852
Additions for the year	1,297
Disposals for the year	-492
Cost at 31 December	<u>26,657</u>
Impairment losses and depreciation at 1 January	15,310
Depreciation for the year	3,575
Impairment and depreciation of sold assets for the year	-370
Impairment losses and depreciation at 31 December	<u>18,515</u>
Carrying amount at 31 December	<u>8,142</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 January	11,445	11,445
Disposals for the year	-570	0
Cost at 31 December	<u>10,875</u>	<u>11,445</u>
Value adjustments at 1 January	-17,499	-8,002
Exchange adjustment	-1,939	-3,274
Net profit/loss for the year	-42,773	-6,020
Other equity movements, net	-2,194	0
Amortisation of goodwill	-203	-203
Value adjustments at 31 December	<u>-64,608</u>	<u>-17,499</u>
Equity investments with negative net asset value amortised over receivables	<u>54,368</u>	<u>27,412</u>
Carrying amount at 31 December	<u>635</u>	<u>21,358</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>883</u>	<u>1,086</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Billund Aquaculture Chile S.A	Chile	TCLP 11.000	90%
Billund Aquaculture US Corp.	USA	TUSD 50	96%
Billund Aquaculture Australia Pty Ltd.	Australien	TAUD 100	85%

12. Other fixed asset investments

	Other receivables
	TDKK
Cost at 1 January	2,104
Disposals for the year	-350
Cost at 31 December	<u>1,754</u>
Carrying amount at 31 December	<u>1,754</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
13. Contract work in progress		
Selling price of work in progress	548,158	424,212
Payments received on account	-544,779	-367,150
	<u>3,379</u>	<u>57,062</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	13,967	60,537
Prepayments received recognised in debt	-10,588	-3,475
	<u>3,379</u>	<u>57,062</u>

14. Prepayments

Accruals consist of prepaid costs relating to insurance premiums, licenses and other costs.

15. Share capital

	<u>Number</u>	<u>Nominal value</u>
		TDKK
A-shares	13,622	13,622
B-shares	1,626	1,626
		<u>15,248</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
16. Provision for deferred tax		
Deferred tax liabilities at 1 January	6,025	3,991
Amounts recognised in the income statement for the year	-6,025	2,032
Amounts recognised in equity for the year	0	2
Deferred tax liabilities at 31 December	<u>0</u>	<u>6,025</u>

Notes to the Financial Statements

17. Other provisions

The Company provides warranties up to 2 years on finished and delivered RAS. Based on previous experience in respect of the level of repairs, other provisions have been recognised for expected warranty claims.

	2022	2021
	TDKK	TDKK
Other provisions	5,230	3,000
	<u>5,230</u>	<u>3,000</u>

The provisions are expected to mature as follows:

Within 1 year	0	0
Between 1 and 5 years	5,230	3,000
After 5 years	0	0
	<u>5,230</u>	<u>3,000</u>

18. 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:

	2022	2021
	TDKK	TDKK
Lease obligations		
After 5 years	121	502
Between 1 and 5 years	2,187	2,319
Long-term part	2,308	2,821
Within 1 year	850	644
	<u>3,158</u>	<u>3,465</u>

Other payables

After 5 years	0	0
Between 1 and 5 years	3,155	3,155
Long-term part	3,155	3,155
Within 1 year	0	0
Other short-term payables	17,479	16,468
	<u>20,634</u>	<u>19,623</u>

Notes to the Financial Statements

19. Deferred income

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

<u>2022</u>	<u>2021</u>
TDKK	TDKK

20. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

Security in company assets, representing a value of TDKK 70.000. The security comprises of security in receivables from sales and services, inventories and other plants, operating assets, and fixtures and furnitures, that amounts to	79,281	98,773
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Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	<u>187</u>	<u>138</u>
	187	138

Lease obligations, period of non-terminability until the 1. of january 2026	11,963	13,648
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Guarantee obligations

The company has provided contract guarantees concerning projects in progress, totalling TDKK	35,348	20,430
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The company provided guarantee for the bank engagement of a subsidiary	0	22,377
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Other contingent liabilities

In connection with the submission of major projects abroad customers has notified claims for compensation and initiated steps to initiate legal proceedings. The company does not yet know the size of the claim or the timing of the process, but has notified the damage / claim to the insurance company in advance, and notified recourse claims against several subcontractors involved.

The Group's companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is stated in the annual report of Billund Aquaculture Holding A / S, which is the management company in relation to the joint taxation. The Group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporate taxes and withholding taxes may result in the company's liability amounting to a larger amount.

Notes to the Financial Statements

21. Related parties

	<u>Basis</u>
Controlling interest	
Billund Aquaculture Holding A/S	Majority shareholder

Other related parties

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.

There have been no transactions that have not taken place at arm's length principal.

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Billund Aquaculture A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Billund Aquaculture Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Billund Aquaculture Holding A/S, the Company has not prepared a cash flow statement.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

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.

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.

Notes to the Financial Statements

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

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

Income statement

Net sales

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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.

Notes to the Financial Statements

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

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.

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

Balance sheet

Intangible fixed assets

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

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 10 years.

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.

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:

Other fixtures and fittings, tools and equipment	3-10 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of receivables from clients.

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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning insurance premiums and licenses, and other costs.

Notes to the Financial Statements

Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period. 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, including the tax base of tax loss carry-forwards, 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 receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$