



Norlax A/S

Gartnervænget 31
6855 Outrup
CVR No. 10702437

Annual report 2021

The Annual General Meeting adopted the
annual report on 10.05.2022

Ole Clemensen

Chairman of the General Meeting

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Entity details

Entity

Norlax A/S

Gartnervænget 31

6855 Outrup

Business Registration No.: 10702437

Registered office: Varde

Financial year: 01.01.2021 - 31.12.2021

Phone number: 7522300

Fax: 76522390

URL: www.norlax.com

E-mail: norlax@norlax.com

Board of Directors

Ole Clemensen, chairman

Jørn Muff

Jesper Arentoft Ahrenkiel

Eduardo Antonio Carbajosa

Franco Sebastian Adam Raffo

David Harrison Caslow

Executive Board

Jesper Arentoft Ahrenkiel

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Norlax A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Outrup, 31.03.2022

Executive Board

Jesper Arentoft Ahrenkiel

Board of Directors

Ole Clemensen
chairman

Jørn Muff

Jesper Arentoft Ahrenkiel

Eduardo Antonio Carbajosa

Franco Sebastian Adam Raffo

David Harrison Caslow

Independent auditor's report

To the shareholders of Norlax A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Norlax A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group's and the Entity'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 31.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jesper Smedegaard Larsen

State Authorised Public Accountant
Identification No (MNE) mne18510

Management commentary

Financial highlights

	2021	2020	2019	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	72,971	74,941	73,568	67,245	74,268
Operating profit/loss	(678)	(740)	4,680	(4,652)	3,806
Net financials	(1,152)	(1,144)	(1,679)	(2,107)	(1,654)
Profit/loss for the year	(1,434)	(1,458)	2,405	(5,197)	1,738
Balance sheet total	94,511	91,760	102,900	114,165	167,897
Investments in property, plant and equipment	4,961	4,982	3,755	7,807	11,540
Equity	42,859	44,587	46,186	43,512	47,066
Cash flows from operating activities	2,222	(1,533)	18,089	58,630	1,113
Cash flows from investing activities	(4,786)	(4,779)	(3,660)	(7,422)	(11,440)
Cash flows from financing activities	6,423	(1,825)	(2,634)	(959)	1,348
Ratios					
Return on equity (%)	(3.28)	(3.21)	5.36	(11.48)	37.00
Equity ratio (%)	45.35	48.59	44.88	38.11	28.03

The comparative figures for the financial year 2017-19 have not been consolidated after the change in Group.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Average equity

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Balance sheet total

Primary activities

Norlax A/S is a manufacturer of smoked fish products with smoked salmon and trout as main products. The production takes place in its own factory in Outrup, while sales are made from the Outrup sales department and through sales offices in Italy to the Italian market.

Development in activities and finances

The profit for the year was a loss of 1,434 t.kr., against a loss last year of 1,458 t.kr.

The profit of the year is negatively affected by the COVID 19 pandemic.

The COVID 19 Pandemic has had a negative impact on the profit of the year. The close of the Food Service sector has affected sales over several periods. There have been significant additional costs to changes in the production in order to protect against the risk of infection among the employees, just as the costs for protective equipment have increased considerably.

Profit/loss for the year in relation to expected developments

Management regards profit for the year as less satisfactory compared to the expected development in revenue and operating profit.

Outlook

If the present business trends do not worsen considerably, 2022 will be a positive year for the company with growth in revenue and significant growth in earnings.

Use of financial instruments

Activities abroad result in the results, cash flows and equity being affected by exchange rate and interest rate developments for a number of currencies. It is the company's policy to partially hedge commercial currency risks. Hedging is primarily carried through forward exchange contracts to hedge expected turnover and purchases within the next 12 months.

No speculative currency positions are entered into.

Price risks

The company's use of salmon as raw materials entails a particular risk because of the volatile market for salmon, since price increases can only be included in the price of the finished products to a limited extent immediately. It is the company's policy to partially hedge commodity risks.

Credit risks

The company's credit risks relate mainly to trade receivables. The day-to-day management has assessed each receivable and provisions for losses have been made in all necessary cases. The Company's policy of accepting credit risks means that all customers and other business partners are subject to ongoing credit assessment.

Trade above a certain maximum credit insured.

Quality conditions

In 2021 the Company is certified according to the requirements of

BRC Global Standard

Ecologically approved
Koscher approved
Global gap approved
ASC approved (aquaculture Stewardship Council)
MSC approved (Marine Stewardship Council)

The company is also QA certified for a wide range of private label customers.

Environmental performance

The company has an overall strategy for its environmental work. The company is environmentally approved by the municipal authorities, who are continuously monitoring the company. Environmental approval is renewed every 4 years.

It is not considered that the company is particularly damaging to the environment.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss	1	72,971	74,941
Staff costs	2	(67,578)	(69,801)
Depreciation, amortisation and impairment losses	3	(6,071)	(5,880)
Operating profit/loss		(678)	(740)
Other financial income		0	6
Other financial expenses		(1,152)	(1,150)
Profit/loss before tax		(1,830)	(1,884)
Tax on profit/loss for the year	4	396	426
Profit/loss for the year	5	(1,434)	(1,458)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		18,600	19,964
Plant and machinery		19,521	18,982
Other fixtures and fittings, tools and equipment		1,037	1,497
Property, plant and equipment	6	39,158	40,443
Fixed assets		39,158	40,443
Raw materials and consumables		11,308	6,722
Work in progress		2,432	2,343
Manufactured goods and goods for resale		9,322	19,445
Inventories		23,062	28,510
Trade receivables		29,177	20,587
Deferred tax	7	950	464
Other receivables		1,634	1,546
Prepayments	8	139	183
Receivables		31,900	22,780
Cash		391	27
Current assets		55,353	51,317
Assets		94,511	91,760

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	9	7,600	7,600
Reserve for fair value adjustments of hedging instruments		(294)	0
Retained earnings		35,553	36,987
Equity		42,859	44,587
Mortgage debt		6,153	6,741
Lease liabilities		4,960	4,329
Other payables	10	9,835	0
Non-current liabilities other than provisions	11	20,948	11,070
Current portion of non-current liabilities other than provisions	11	3,358	3,425
Bank loans		6,387	9,882
Trade payables		8,574	5,116
Tax payable		8	67
Other payables	12	12,377	17,613
Current liabilities other than provisions		30,704	36,103
Liabilities other than provisions		51,652	47,173
Equity and liabilities		94,511	91,760
Financial instruments	14		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Group relations	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	7,600	0	36,987	44,587
Value adjustments	0	(377)	0	(377)
Tax of entries on equity	0	83	0	83
Profit/loss for the year	0	0	(1,434)	(1,434)
Equity end of year	7,600	(294)	35,553	42,859

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		(678)	(740)
Amortisation, depreciation and impairment losses		6,071	5,880
Working capital changes	13	(1,576)	(5,312)
Cash flow from ordinary operating activities		3,817	(172)
Financial income received		0	6
Financial expenses paid		(1,152)	(1,150)
Taxes refunded/(paid)		(66)	(36)
Other cash flows from operating activities		(377)	(181)
Cash flows from operating activities		2,222	(1,533)
Acquisition etc. of property, plant and equipment		(4,961)	(4,982)
Sale of property, plant and equipment		175	203
Cash flows from investing activities		(4,786)	(4,779)
Free cash flows generated from operations and investments before financing		(2,564)	(6,312)
Loans raised		6,447	0
Repayments of loans etc.		(24)	(1,825)
Cash flows from financing activities		6,423	(1,825)
Increase/decrease in cash and cash equivalents		3,859	(8,137)
Cash and cash equivalents beginning of year		(9,855)	(1,718)
Cash and cash equivalents end of year		(5,996)	(9,855)
Cash and cash equivalents at year-end are composed of:			
Cash		391	27
Short-term bank loans		(6,387)	(9,882)
Cash and cash equivalents end of year		(5,996)	(9,855)

Notes to consolidated financial statements

1 Gross profit/loss

Other operating income consists of government grants in relation to salaries during COVID-19 (7,898 DKK'000) and government grants in relation to fixed costs during COVID-19 (3,623 DKK'000).

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	62,445	64,458
Pension costs	4,631	4,818
Other social security costs	502	525
	67,578	69,801
Average number of full-time employees	169	180

Information on management remuneration has been omitted with reference to Section 98 b(3)(2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Depreciation on property, plant and equipment	6,139	5,940
Profit/loss from sale of intangible assets and property, plant and equipment	(68)	(60)
	6,071	5,880

4 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	7	7
Change in deferred tax	(403)	(433)
	(396)	(426)

5 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	(1,434)	(1,458)
	(1,434)	(1,458)

6 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	44,569	66,027	4,539
Additions	430	4,531	0
Disposals	0	(744)	(196)
Cost end of year	44,999	69,814	4,343
Depreciation and impairment losses beginning of year	(24,605)	(47,045)	(3,042)
Depreciation for the year	(1,794)	(3,992)	(353)
Reversal regarding disposals	0	744	89
Depreciation and impairment losses end of year	(26,399)	(50,293)	(3,306)
Carrying amount end of year	18,600	19,521	1,037
Recognised assets not owned by Entity	0	13,828	0

7 Deferred tax

	2021 DKK'000	2020 DKK'000
Property, plant and equipment	(2,478)	(2,510)
Inventories	13	(56)
Receivables	(31)	(40)
Equity	47	(36)
Liabilities other than provisions	179	180
Tax losses carried forward	3,220	2,926
Deferred tax	950	464

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	464	(9)
Recognised in the income statement	403	433
Recognised directly in equity	83	40
End of year	950	464

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx. 3 years. This expectation is primarily based on the significant positive impact on the Company's result as a consequence of increase in quantities of salmon produced.

8 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

9 Contributed capital

	Number	Nominal value DKK'000
Share of 1 kr.	7,600,000	7,600
	7,600,000	7,600

10 Other payables

	2021 DKK'000	2020 DKK'000
Holiday pay obligation	6,405	0
Other costs payable	3,430	0
	9,835	0

11 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	592	594	6,153	3,803
Lease liabilities	2,766	2,831	4,960	0
Other payables	0	0	9,835	6,405
	3,358	3,425	20,948	10,208

12 Other payables

	2021 DKK'000	2020 DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	3,514	6,167
Holiday pay obligation	5,449	11,274
Derivative financial instruments	213	0
Other costs payable	3,201	172
	12,377	17,613

13 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	5,448	9,428
Increase/decrease in receivables	(8,634)	2,670
Increase/decrease in trade payables etc.	1,610	(17,410)
	(1,576)	(5,312)

14 Derivative financial instruments

The Company has entered into forward exchange rate contracts of USD 756k and NOK 25,100k. Unrealised net

loss at 31 December 2021 amounts to DKK (444)k.

15 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	340	376

16 Contingent liabilities

	2020 DKK'000
Recourse and non-recourse guarantee commitments	960
Contingent liabilities	960

17 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 18,600k and the carrying amount of mortgaged plant is DKK 5,693k.

Balance with bank loans is secured by way of a deposited letter of indemnity (company charge) of DKK 50,000k nominal.

The company charge comprises operating equipment, inventories of materials, simple claims arising from sale of goods and services and goodwill.

The carrying amount of the asset comprised by the company charge amounts to DKK 48,936k.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

20 Subsidiaries

	Registered in	Corporate form	Ownership %
Norlax Italie S.R.L.	Italy	S.R.L.	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss	1	72,697	73,274
Staff costs	2	(67,373)	(68,260)
Depreciation, amortisation and impairment losses	3	(6,062)	(5,865)
Operating profit/loss		(738)	(851)
Income from investments in group enterprises		3	30
Other financial income		0	6
Other financial expenses		(1,102)	(1,076)
Profit/loss before tax		(1,837)	(1,891)
Tax on profit/loss for the year	4	403	433
Profit/loss for the year	5	(1,434)	(1,458)

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Land and buildings		18,600	19,964
Plant and machinery		19,521	18,982
Other fixtures and fittings, tools and equipment		968	1,419
Property, plant and equipment	6	39,089	40,365
Investments in group enterprises		910	907
Financial assets	7	910	907
Fixed assets		39,999	41,272
Raw materials and consumables		11,308	6,722
Work in progress		2,432	2,343
Manufactured goods and goods for resale		9,322	19,445
Inventories		23,062	28,510
Trade receivables		26,120	15,904
Receivables from group enterprises		1,134	2,965
Deferred tax	8	950	464
Other receivables		1,634	1,546
Prepayments	9	139	183
Receivables		29,977	21,062
Cash		384	20
Current assets		53,423	49,592
Assets		93,422	90,864

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		7,600	7,600
Reserve for fair value adjustments and hedging instruments		(294)	0
Retained earnings		35,553	36,987
Equity		42,859	44,587
Mortgage debt		6,153	6,741
Lease liabilities		4,960	4,329
Other payables	10	9,835	0
Non-current liabilities other than provisions	11	20,948	11,070
Current portion of non-current liabilities other than provisions	11	3,358	3,425
Bank loans		5,660	9,547
Trade payables		8,207	4,595
Other payables	12	12,390	17,640
Current liabilities other than provisions		29,615	35,207
Liabilities other than provisions		50,563	46,277
Equity and liabilities		93,422	90,864
Financial instruments	13		
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	7,600	0	36,987	44,587
Value adjustments	0	(377)	0	(377)
Tax of entries on equity	0	83	0	83
Profit/loss for the year	0	0	(1,434)	(1,434)
Equity end of year	7,600	(294)	35,553	42,859

Notes to parent financial statements

1 Gross profit/loss

Other operating income consists of government grants in relation to salaries during COVID-19 (7,898 DKK'000) and government grants in relation to fixed costs during COVID-19 (3,623 DKK'000).

2 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	62,240	62,917
Pension costs	4,631	4,818
Other social security costs	502	525
	67,373	68,260
Average number of full-time employees	168	179

Information on management remuneration has been omitted with reference to Section 98 b(3)(2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Depreciation on property, plant and equipment	6,130	5,925
Profit/loss from sale of intangible assets and property, plant and equipment	(68)	(60)
	6,062	5,865

4 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Change in deferred tax	(403)	(433)
	(403)	(433)

5 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	(1,434)	(1,458)
	(1,434)	(1,458)

6 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	44,569	66,027	3,277
Additions	430	4,531	0
Disposals	0	(744)	(196)
Cost end of year	44,999	69,814	3,081
Depreciation and impairment losses beginning of year	(24,605)	(47,045)	(1,858)
Depreciation for the year	(1,794)	(3,992)	(344)
Reversal regarding disposals	0	744	89
Depreciation and impairment losses end of year	(26,399)	(50,293)	(2,113)
Carrying amount end of year	18,600	19,521	968
Recognised assets not owned by entity	0	13,828	0

7 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	3,910
Cost end of year	3,910
Impairment losses beginning of year	(3,003)
Share of profit/loss for the year	3
Impairment losses end of year	(3,000)
Carrying amount end of year	910

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

8 Deferred tax

	2021 DKK'000	2020 DKK'000
Property, plant and equipment	(2,478)	(2,510)
Inventories	13	(56)
Receivables	(31)	(40)
Equity	47	(36)
Liabilities other than provisions	179	180
Tax losses carried forward	3,220	2,926
Deferred tax	950	464

	2021	2020
	DKK'000	DKK'000
Changes during the year		
Beginning of year	464	(9)
Recognised in the income statement	403	433
Recognised directly in equity	83	40
End of year	950	464

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx 3 years. This expectation is primarily based on the significant positive impact on the Company's result as a consequence of increase in quantities of salmon produced.

9 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

10 Other payables

	2021	2020
	DKK'000	DKK'000
Holiday pay obligation	6,405	0
Other costs payable	3,430	0
	9,835	0

11 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months	Outstanding after 5 years
	2021	2020	2021	2021
	DKK'000	DKK'000	DKK'000	DKK'000
Mortgage debt	592	594	6,153	3,803
Lease liabilities	2,766	2,831	4,960	0
Other payables	0	0	9,835	6,405
	3,358	3,425	20,948	10,208

12 Other payables

	2021	2020
	DKK'000	DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	3,514	6,167
Holiday pay obligation	5,449	11,274
Derivative financial instruments	213	0
Other costs payable	3,214	199
	12,390	17,640

13 Derivative financial instruments

The Company has entered into forward exchange rate contracts of USD 756k and NOK 25,100k. Unrealised net

loss at 31 December 2021 amounts to DKK -444k.

14 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	340	376

15 Contingent liabilities

	2020 DKK'000
Recourse and non-recourse guarantee commitments	960
Contingent liabilities	960

16 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 18,600k and the carrying amount of mortgaged plant is DKK 5,693k.

Balance with bank loans is secured by way of a deposited letter of indemnity (company charge) of DKK 50,000k nominal.

The company charge comprises operating equipment, inventories of materials, simple claims arising from sale of goods and services and goodwill.

The carrying amount of the asset comprised by the company charge amounts to DKK 48,936k.

17 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.