



Norlax A/S

Gartnervænget 31
6855 Outrup
CVR No. 10702437

Annual report 2022

The Annual General Meeting adopted the
annual report on 02.03.2023

Ole Clemensen

Chairman of the General Meeting

Contents

Entity details	2
Statement by Management on the annual report	3
Independent auditor's report	4
Management commentary	7
Consolidated income statement for 2022	10
Consolidated balance sheet at 31.12.2022	11
Consolidated statement of changes in equity for 2022	13
Consolidated cash flow statement for 2022	14
Notes to consolidated financial statements	15
Parent income statement for 2022	19
Parent balance sheet at 31.12.2022	20
Parent statement of changes in equity for 2022	22
Notes to parent financial statements	23
Accounting policies	28

Entity details

Entity

Norlax A/S

Gartnervænget 31

6855 Outrup

Business Registration No.: 10702437

Registered office: Varde

Financial year: 01.01.2022 - 31.12.2022

Phone number: 76522300

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

Dokken 8

6700 Esbjerg

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 02.03.2023

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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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, 02.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jesper Smedegaard Larsen

State Authorised Public Accountant
Identification No (MNE) mne18510

Christian Holdensen

State Authorised Public Accountant
Identification No (MNE) mne49072

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures					
Gross profit/loss	104,001	72,971	74,941	73,568	67,245
Operating profit/loss	14,029	(678)	(740)	4,680	(4,652)
Net financials	(1,999)	(1,152)	(1,144)	(1,679)	(2,107)
Profit/loss for the year	9,343	(1,434)	(1,458)	2,405	(5,197)
Balance sheet total	135,390	94,511	91,760	102,900	114,165
Investments in property, plant and equipment	9,155	4,961	4,982	3,755	7,807
Equity	51,772	42,859	44,587	46,186	43,512
Cash flows from operating activities	(17,470)	2,222	(1,533)	18,089	58,630
Cash flows from investing activities	(9,084)	(4,786)	(4,779)	(3,660)	(7,422)
Cash flows from financing activities	26,845	2,928	(1,825)	(2,634)	(959)
Ratios					
Return on equity (%)	19.75	(3.28)	(3.21)	5.36	(11.48)
Equity ratio (%)	38.24	45.35	48.59	44.88	38.11

The comparative figures for the financial year 2018-19 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 group after tax was DKK 9,343k, against a loss last year of DKK 1,434k.

After distribution of the profit for the year, the total equity for the group and parent company amounts to DKK 51,772k.

Profit/loss for the year in relation to expected developments

Management regards profit for the year as satisfactory compared to the expected development.

Outlook

If the present business trends do not worsen considerably, 2023 will be a positive year for the company with growth in revenue and 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 2022 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 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss	1	104,001	72,971
Staff costs	2	(83,747)	(67,578)
Depreciation, amortisation and impairment losses	3	(6,225)	(6,071)
Operating profit/loss		14,029	(678)
Other financial income		13	0
Other financial expenses		(2,012)	(1,152)
Profit/loss before tax		12,030	(1,830)
Tax on profit/loss for the year	4	(2,687)	396
Profit/loss for the year	5	9,343	(1,434)

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Land and buildings		19,643	18,600
Plant and machinery		21,575	19,521
Other fixtures and fittings, tools and equipment		799	1,037
Property, plant and equipment	6	42,017	39,158
Fixed assets		42,017	39,158
Raw materials and consumables		24,423	11,308
Work in progress		4,260	2,432
Manufactured goods and goods for resale		14,128	9,322
Inventories		42,811	23,062
Trade receivables		46,530	29,177
Deferred tax	7	0	950
Other receivables		2,979	1,634
Prepayments	8	371	139
Receivables		49,880	31,900
Cash		682	391
Current assets		93,373	55,353
Assets		135,390	94,511

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital	9	7,600	7,600
Reserve for fair value adjustments of hedging instruments		(724)	(294)
Retained earnings		38,396	35,553
Proposed dividend for the financial year		6,500	0
Equity		51,772	42,859
Deferred tax	7	1,352	0
Provisions		1,352	0
Mortgage debt		5,645	6,153
Lease liabilities		7,090	4,960
Other payables	10	6,592	9,835
Non-current liabilities other than provisions	11	19,327	20,948
Current portion of non-current liabilities other than provisions	11	3,261	3,358
Bank loans		34,724	6,387
Trade payables		10,410	8,574
Tax payable		263	8
Other payables	12	14,281	12,377
Current liabilities other than provisions		62,939	30,704
Liabilities other than provisions		82,266	51,652
Equity and liabilities		135,390	94,511
Financial instruments	14		
Fair value information	15		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Total DKK'000
Equity beginning of year	7,600	(294)	35,553	0	42,859
Value adjustments	0	(552)	0	0	(552)
Tax of entries on equity	0	122	0	0	122
Profit/loss for the year	0	0	2,843	6,500	9,343
Equity end of year	7,600	(724)	38,396	6,500	51,772

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		14,029	(678)
Amortisation, depreciation and impairment losses		6,225	6,071
Working capital changes	13	(35,165)	(1,576)
Cash flow from ordinary operating activities		(14,911)	3,817
Financial income received		13	0
Financial expenses paid		(2,012)	(1,152)
Taxes refunded/(paid)		(8)	(66)
Other cash flows from operating activities		(552)	(377)
Cash flows from operating activities		(17,470)	2,222
Acquisition etc. of property, plant and equipment		(9,155)	(4,961)
Sale of property, plant and equipment		71	175
Cash flows from investing activities		(9,084)	(4,786)
Free cash flows generated from operations and investments before financing		(26,554)	(2,564)
Loans raised		5,014	6,447
Repayments of loans etc.		(6,506)	(24)
Other cash flows from financing activities		28,337	(3,495)
Cash flows from financing activities		26,845	2,928
Increase/decrease in cash and cash equivalents		291	364
Cash and cash equivalents beginning of year		391	27
Cash and cash equivalents end of year		682	391
Cash and cash equivalents at year-end are composed of:			
Cash		682	391
Cash and cash equivalents end of year		682	391

Notes to consolidated financial statements

1 Gross profit/loss

Other operating income 2021 consists of government grants in relation to salaries during COVID-19 (DKK 7,898k) and government grants in relation to fixed costs during COVID-19 (DKK 3,623k).

2 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	77,984	62,445
Pension costs	5,206	4,631
Other social security costs	557	502
	83,747	67,578
Average number of full-time employees	189	169

	Remuneration of management 2022 DKK'000
Executive Board	1,677
	1,677

Information on management remuneration in 2021 has been omitted with reference to Section 98 b(3)(2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Depreciation on property, plant and equipment	6,296	6,139
Profit/loss from sale of intangible assets and property, plant and equipment	(71)	(68)
	6,225	6,071

4 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	263	7
Change in deferred tax	2,424	(403)
	2,687	(396)

5 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	6,500	0
Retained earnings	2,843	(1,434)
	9,343	(1,434)

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	44,999	69,814	4,343
Additions	2,999	6,054	102
Disposals	0	(543)	(108)
Cost end of year	47,998	75,325	4,337
Depreciation and impairment losses beginning of year	(26,399)	(50,293)	(3,306)
Depreciation for the year	(1,956)	(4,000)	(340)
Reversal regarding disposals	0	543	108
Depreciation and impairment losses end of year	(28,355)	(53,750)	(3,538)
Carrying amount end of year	19,643	21,575	799
Recognised assets not owned by Entity	0	16,630	0

7 Deferred tax

	2022 DKK'000	2021 DKK'000
Property, plant and equipment	(2,445)	(2,478)
Inventories	(66)	13
Receivables	(82)	(31)
Equity	186	47
Liabilities other than provisions	178	179
Tax losses carried forward	877	3,220
Deferred tax	(1,352)	950

	2022 DKK'000	2021 DKK'000
Changes during the year		
Beginning of year	950	464
Recognised in the income statement	(2,424)	403
Recognised directly in equity	122	83
End of year	(1,352)	950

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

	2022 DKK'000	2021 DKK'000
Holiday pay obligation	6,592	6,405
Other costs payable	0	3,430
	6,592	9,835

11 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000	Outstanding after 5 years 2022 DKK'000
Mortgage debt	522	592	5,645	3,439
Lease liabilities	2,739	2,766	7,090	0
Other payables	0	0	6,592	6,592
	3,261	3,358	19,327	10,031

12 Other payables

	2022 DKK'000	2021 DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	3,096	3,514
Holiday pay obligation	6,883	5,449
Derivative financial instruments	766	213
Other costs payable	3,536	3,201
	14,281	12,377

13 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	(19,749)	5,448
Increase/decrease in receivables	(18,930)	(8,634)
Increase/decrease in trade payables etc.	3,514	1,610
	(35,165)	(1,576)

14 Derivative financial instruments

The Company has entered into forward exchange rate contracts of USD 6,881k and NOK 32,522k. Unrealised net loss at 31 December 2022 amounts to DKK -766k.

15 Fair value information

	Hedges DKK'000
Fair value end of year	(766)
Unrealised fair value adjustments recognised in the income statement	(78)
Unrealised fair value adjustments recognised in the fair value reserve in equity	(552)

16 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	76	340

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 19,643k and the carrying amount of mortgaged plant is DKK 4,945k.

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 93,642k.

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 Subsidiaries

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

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Gross profit/loss	1	104,066	74,417
Staff costs	2	(83,575)	(68,978)
Depreciation, amortisation and impairment losses	3	(6,215)	(6,062)
Operating profit/loss		14,276	(623)
Income from investments in group enterprises		(281)	3
Other financial income		13	0
Other financial expenses		(1,978)	(1,217)
Profit/loss before tax		12,030	(1,837)
Tax on profit/loss for the year	4	(2,687)	403
Profit/loss for the year	5	9,343	(1,434)

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Land and buildings		19,643	18,600
Plant and machinery		21,575	19,521
Other fixtures and fittings, tools and equipment		740	968
Property, plant and equipment	6	41,958	39,089
Investments in group enterprises		629	910
Financial assets	7	629	910
Fixed assets		42,587	39,999
Raw materials and consumables		24,423	11,308
Work in progress		4,260	2,432
Manufactured goods and goods for resale		14,128	9,322
Inventories		42,811	23,062
Trade receivables		45,146	26,120
Receivables from group enterprises		901	1,134
Deferred tax	8	0	950
Other receivables		2,979	1,634
Prepayments	9	371	139
Receivables		49,397	29,977
Cash		369	384
Current assets		92,577	53,423
Assets		135,164	93,422

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		7,600	7,600
Reserve for fair value adjustments and hedging instruments		(724)	(294)
Retained earnings		38,396	35,553
Proposed dividend for the financial year		6,500	0
Equity		51,772	42,859
Deferred tax	8	1,352	0
Provisions		1,352	0
Mortgage debt		5,645	6,153
Lease liabilities		7,090	4,960
Other payables	10	6,592	9,835
Non-current liabilities other than provisions	11	19,327	20,948
Current portion of non-current liabilities other than provisions	11	3,261	3,358
Bank loans		34,724	5,660
Trade payables		10,171	8,207
Tax payable		263	0
Other payables	12	14,294	12,390
Current liabilities other than provisions		62,713	29,615
Liabilities other than provisions		82,040	50,563
Equity and liabilities		135,164	93,422
Financial instruments	13		
Fair value information	14		
Unrecognised rental and lease commitments	15		
Assets charged and collateral	16		
Transactions with related parties	17		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	7,600	(294)	35,553	0	42,859
Value adjustments	0	(552)	0	0	(552)
Tax of entries on equity	0	122	0	0	122
Profit/loss for the year	0	0	2,843	6,500	9,343
Equity end of year	7,600	(724)	38,396	6,500	51,772

Notes to parent financial statements

1 Gross profit/loss

Other operating income 2021 consists of government grants in relation to salaries during COVID-19 (DKK 7,898k) and government grants in relation to fixed costs during COVID-19 (DKK 3,623k).

2 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	77,812	63,845
Pension costs	5,206	4,631
Other social security costs	557	502
	83,575	68,978
Average number of full-time employees	188	168

	Remuneration of Management 2022 DKK'000
Executive Board	1,677
	1,677

Information on management remuneration in 2021 has been omitted with reference to Section 98 b(3)(2) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Depreciation on property, plant and equipment	6,286	6,130
Profit/loss from sale of intangible assets and property, plant and equipment	(71)	(68)
	6,215	6,062

4 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	263	0
Change in deferred tax	2,424	(403)
	2,687	(403)

5 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	6,500	0
Retained earnings	2,843	(1,434)
	9,343	(1,434)

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	44,999	69,814	3,081
Additions	2,999	6,054	102
Disposals	0	(543)	(108)
Cost end of year	47,998	75,325	3,075
Depreciation and impairment losses beginning of year	(26,399)	(50,293)	(2,113)
Depreciation for the year	(1,956)	(4,000)	(330)
Reversal regarding disposals	0	543	108
Depreciation and impairment losses end of year	(28,355)	(53,750)	(2,335)
Carrying amount end of year	19,643	21,575	740
Recognised assets not owned by entity	0	16,630	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	(3,000)
Share of profit/loss for the year	(281)
Impairment losses end of year	(3,281)
Carrying amount end of year	629

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

8 Deferred tax

	2022	2021
	DKK'000	DKK'000
Property, plant and equipment	(2,445)	(2,478)
Inventories	(66)	13
Receivables	(82)	(31)
Equity	186	47
Liabilities other than provisions	178	179
Tax losses carried forward	877	3,220
Deferred tax	(1,352)	950

	2022	2021
	DKK'000	DKK'000
Changes during the year		
Beginning of year	950	464
Recognised in the income statement	(2,424)	403
Recognised directly in equity	122	83
End of year	(1,352)	950

9 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

10 Other payables

	2022	2021
	DKK'000	DKK'000
Holiday pay obligation	6,592	6,405
Other costs payable	0	3,430
	6,592	9,835

11 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2022	2021	months	2022
	DKK'000	DKK'000	DKK'000	DKK'000
Mortgage debt	522	592	5,645	3,439
Lease liabilities	2,739	2,766	7,090	0
Other payables	0	0	6,592	6,592
	3,261	3,358	19,327	10,031

12 Other payables

	2022 DKK'000	2021 DKK'000
Wages and salaries, personal income taxes, social security costs, etc. payable	3,096	3,514
Holiday pay obligation	6,883	5,449
Derivative financial instruments	766	213
Other costs payable	3,549	3,214
	14,294	12,390

13 Derivative financial instruments

The Company has entered into forward exchange rate contracts of USD 6,881k and NOK 32,522k. Unrealised net loss at 31 December 2022 amounts to DKK -766k.

14 Fair value information

	Hedges DKK'000
Fair value end of year	(766)
Unrealised fair value adjustments recognised in the income statement	(78)
Unrealised fair value adjustments recognised in the fair value reserve in equity	(552)

15 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	76	340

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 19,643k and the carrying amount of mortgaged plant is DKK 4,945k.

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 93,642k.

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).

Changes in accounting policies

In accordance with an interpretation by the Danish Business Authority, the Group's changes in overdraft facility in the cash flow statement is classified as cash flows from financing activities, where the changes in overdraft facilities previously was classified as cash in the cash flow statement. The change results in a positive effect on cash flows from financing activities of DKK 28,337k In 2022 (DKK -3,495k For 2021) and an increase in cash and cash equivalents of DKK 34,724k as of 31.12.2022 (DKK 5,660k as of 31.12.2021).

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with 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:

	Useful life
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.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

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.