

**NORDIC SEAFOOD A/S
SØREN NORDBYSVEJ 15
9850 HIRTSHALS**

ANNUAL REPORT

2022

1 JANUARY – 31 DECEMBER 2022

35th FINANCIAL YEAR

**The Annual Report was presented
and adopted at the Annual General
Meeting of the Company on**

24 April 2023

Lars Hermes Olsen

Chairman of the Meeting

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MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordic Seafood 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 Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2022 and of the results of the Group's and the Parent Company's operations and cash flows for 2022.

In our opinion, the Management's Review includes a true and fair account of matters addressed in the Review.

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

Hirtshals 24 April 2023

Executive board:

Lars Hermes Olsen

Carl Højrup

Thomas Buus Christensen

Board of Directors:

Terutaka Kuraishi
Chairman

Masahide Asai

Keith Moores

Colin Douglas Paulin

Tomoteru Iehara

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Nordic Seafood A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Nordic Seafood 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, for both the Group and the Parent Company, as well as statement of cash flows ("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 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.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

INDEPENDENT AUDITOR'S REPORT

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

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 judgment and maintain professional skepticism 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Aalborg 24 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. 33 77 12 31

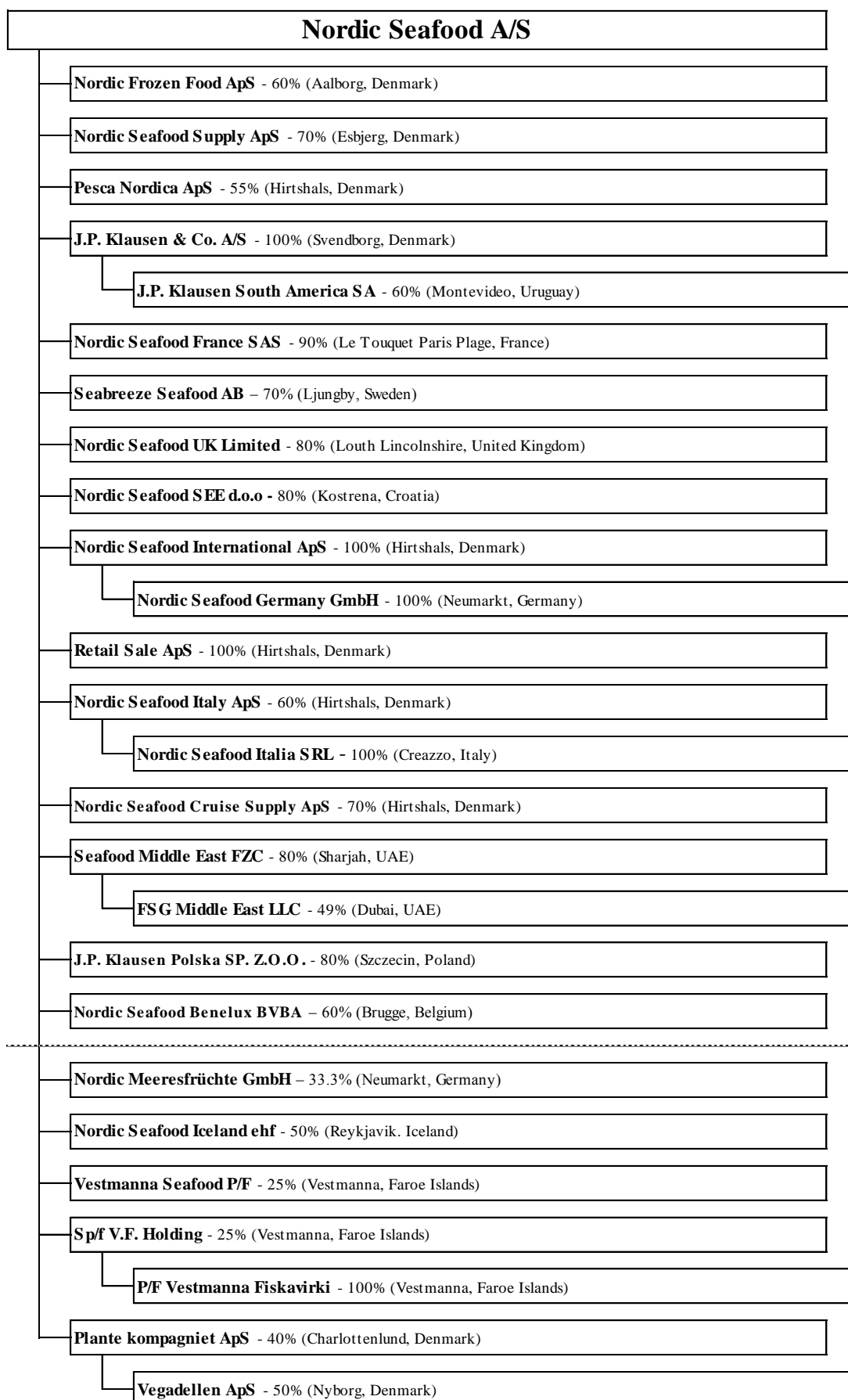
Line Borregaard
State Authorised Public Accountant
mne34353

Morten Porup
State Authorised Public Accountant
mne47816

COMPANY INFORMATION

Company	Nordic Seafood A/S Søren Nordbysvej 15 9850 Hirtshals
	Telephone: +45 98 94 15 33
	Website: www.nordicseafood.com
	E-mail: mail@nordicseafood.com
	CVR No: 11 14 21 41
	Established: 1. June 1987
	Registered Office: Hirtshals
	Financial Year: 1. Januar – 31. December
Board of Directors	Terutaka Kuraishi, Chairman Masahide Asai Keith Moores Colin Douglas Paulin Tomoteru Iehara
Executive Board	Lars Hermes Olsen Carl Højrup Thomas Buus Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg
Bankers	Spar Nord Bank A/S Skelagervej 15 9000 Aalborg
	Danske Bank Albani Torv 2 5000 Odense C

GROUP CHART



KEY FIGURES AND RATIOS OF THE GROUP

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue	3.703.662	3.174.060	2.665.835	2.924.258	3.157.749
Gross profit.....	233.223	221.081	149.976	172.638	192.271
Operating profit	117.320	107.950	55.110	76.481	95.678
Profit before tax.....	101.213	100.376	48.482	66.322	85.513
Profit for the year	82.485	80.074	39.397	53.378	68.297
Balance sheet					
Fixed assets	73.224	63.316	65.056	71.143	75.517
Current assets	1.384.778	1.176.927	934.404	1.037.875	1.025.478
Balance sheet total.....	1.458.002	1.240.243	999.460	1.109.018	1.100.995
Equity	497.016	462.052	389.687	381.582	359.763
Provision for liabilities	2.520	4.353	1.747	3.182	4.204
Long-term liabilities	24.537	26.219	27.888	29.544	30.791
Current liabilities.....	933.929	747.619	580.138	694.710	706.237
Liabilities.....	958.466	773.838	608.026	724.254	737.028
Cash flows					
Cash flows from:					
- operating activities	-130.274	-79.047	84.929	64.638	-105.565
- investing activities	-14.070	-5.615	-970	-2.628	-3.692
including investment in tangible fixed assets.....	-148	-8.439	-4.329	-4.555	-7.074
- financing activities	122.337	40.437	-79.207	-53.894	-70.271
Change in cash and cash equivalents for the year.....	-22.007	-44.225	4.752	8.116	31.602
Ratios					
Gross margin	6,30%	6,97%	5,63%	5,90%	6,09%
(gross profit as % of revenue)					
Profit margin	3,17%	3,40%	2,07%	2,62%	3,03%
(operating profit as % of net revenue)					
Rate of return.....	8,70%	9,64%	5,23%	6,92%	8,46%
(operating profit as % of aver. balance sheet total)					
Equity ratio (solvency ratio).....	34,09%	37,25%	38,98%	34,41%	32,68%
(equity as % of assets, end of year)					
Return on equity	21,11%	23,57%	12,57%	17,89%	25,51%
(profit before tax as % of aver. equity)					
Average number of employees.....	173	173	158	164	162
Index for net revenue.....	117	101	84	93	100
Index for gross profit.....	121	115	78	90	100
Index for profit before tax	118	117	57	78	100

MANAGEMENT'S REVIEW

Principal activities

Like previous years the principal activities comprise import, packing and sale of seafood.

The Group is also responsible for the sale of Nissui controlled companies' products in the European market.

Development in the financial year and results for the year

In the financial year 2022 the Group realized a profit for the year of DKK 82.5 million compared to DKK 80.1 million in 2021. The expected profit going into the financial year 2022 was in the range DKK 60-65 million.

The Company's outlook going into 2022 was with a hope for a more normal year without any significant negative impact caused by COVID-19. However, the assumption for a normal year was changed on the 24 February 2022 when Russia started the invasion of Ukraine followed by the massive economic sanctions against Russia.

The dependency of energy from Russia has caused an energy crises in Europe and the increasing energy prices has been one of the main drives behind the record high inflation which Europe has been facing during 2022. To control the inflation the interest rates has been raised, with a significant impact on the cost of funding.

The uncertainty derived from the war in Ukraine curbed the activity in the beginning of the year, however during spring and summer, we saw a high demand especially within the foodservice segment. During the autumn and in Q4 we have seen a declining demand diverted by the uncertainties caused by the high inflation.

The overall demand in 2022 has been at the same level as in 2021. Increasing prices has secured a higher revenue and a higher operation profit, but the due to higher interest rates the group ends with a net profit just above 2021.

Future prospects

The Group expect 2023 to be a challenging year due to the uncertainties linked to the European economies. The inflation is expected to remain high, which will have an impact on the consumers behavior.

The Group expects a result for the financial year 2023 in the range DKK 65-70 million.

Statutory statement on CSR in accordance with Section 99a of the Danish financial statement act

Sustainable development of the seafood business is imperative and necessary for seafood to continue to feed the world. Nordic Seafood recognizes this responsibility and as a large player in the seafood market try to impose sustainable transformation of the supply chain from farm / fishing to consumer.

Business model

Nordic Seafood is an international supplier of seafood and other food items. Sale is facilitated both from Hirtshals and through several sales offices, strategically located around Europe. Purchase is handled from our sales offices in cooperation with several hubs that handle quality control at the sites of production.

Assessment of risks related to our business model

We hold the highest standards of quality and food safety and we strive to do our business with respect for the natural resources and our supply chain. Global trade means global responsibilities and Nordic Seafood recognize this and act upon the inherent risks that come with the products purchased. Illegal fishing, overfishing, unsustainable farming and socially unacceptable productions to name the most important ones.

MANAGEMENT'S REVIEW

We are conscious of our responsibilities and integrate this in our policies on both practical and strategic levels of our activities. We have a close dialogue with our customers and other relevant stakeholders to ensure compliance with both market standards and customer expectations. We strive to present as wide a sustainable product range as feasibly possible.

Assessment of risks related to our business model

Nordic Seafood applies a principle of “hands on” with suppliers and will engage in and cooperate with suppliers of potential even if there is room for improvement. It is the wish of Nordic Seafood to use its knowledge and monetary power to push suppliers in a sustainable direction. Business grants influence.

Policies and social responsibility

Nordic Seafood has internal guidelines, policies and goals which ensure that our employees work in a healthy working environment and that they have the best possible working conditions. We prioritize work safety in our factory and hold the safety of our staff to the highest standard. We have established and uphold policies on:

- Human rights and Labour
- Environment / Climate change
- Anticorruption and bribery
- Animal welfare and Biodiversity

The policies lay out the framework of our social responsibilities and present our systematic approach to reducing the negative impact of our products upon work force, the environment and ecology. They contain both our very principal standpoints and the tools we use in our CSR workflows.

2022 – Results

The results are categorized to match the Nordic Seafood policies.

Human rights and Labour

In our Company, we are all equally entitled to our human rights without discrimination. These rights are all inter-related. The principles are: Universal and inalienable, Interdependent and indivisible, Equal and non-discriminatory, and Both Rights and Obligations.

Our company is strongly against child labour, forced labour, discrimination and an unhealthy working environment.

In alignment with our goal for 2021 we have invested in a BSCI (Business social compliance Initiative) membership and established a registration and monitoring programme for our relevant suppliers. BSCI operate a system of country classification into risk or low risk countries (countries risk classification 2022). This is based on key governance indicators and serve as a guideline to where your efforts should be directed. It is our 2022 goal to increase the purchase volume percentage of suppliers in risk countries that hold a 3rd party validated social standard. Nordic Seafood accept BSCI, SMETA and SA8000 as valid social standards – this is in line with most of our customers. In 2022 we have started to engage directly in the certification process of BSCI and now hold RSP for a handful of our suppliers. Currently Nordic Seafood purchase 43% of its volume in risk countries, as defined on BSCI’s “countries risk classification 2022”. 36% of the volume from risk countries comes from suppliers that hold a Social standard. This is an improvement from 26% in 2021. It is our expectation and goal to further increase the volume of products produced by suppliers that hold a social standard in 2023.

Nordic Seafood operates in countries where human rights and Labour protection are a fully integrated part of national legislation. Furthermore we have a low-hierarchical and open organisation that facilitates easy access to management.

MANAGEMENT'S REVIEW

Nordic Seafood Occupational Health and Safety:

Nordic Seafood administration does not hold significant physical risks. In our factory and in our coldstore, several functions hold an inherent risk of injury. The risks are managed through our Occupational Health and safety team and through our APVs. The APVs are also our tool for managing our psychological work environment.

Our staff policies are communicated to all new staff as a part of their induction program. The policies are also available on Nordic Seafoods intranet. Factory staff receive the policies in a folder as a part of their induction. The policies are revised and updated continuously.

In the financial year 2022 there have been 1 accident. A box of frozen fish fell from a pallet and hit an employee just above the steel toe protector. The employee was not injured, but stayed home the following day due to some swelling. It is our expectation that our continued focus on prevention will maintain our very low level of incidents.

Environment / Climate change

Nordic Seafood has joined the Global Sustainable Seafood Initiative (GSSI) to subsidize and support their efforts to make seafood sustainability certifications more transparent, accessible and known by the consumers. This is an important step in making the fish industry more sustainable. In 2022 Nordic Seafood has been working on initiatives that reduces our scope 1 and 2 carbon footprint in our HQ, coldstore and factory. In 2022 Nordic Seafood has converted to green electricity and now purchase only electricity from green sources (Hydro, wind, Solar). This reduces our scope 2 emissions by 86% compared to 2018 (Baseline year)

Primo 2023 heat from our Coldstore compressors will be Nordic Seafood office, welfare and factory's main heating source, thus bring in an expected reduction on our total Scope 2 emissions above 90% compared to 2018 and the calculations of expected yield from our heat collection system.

Sustainable fishing / aquaculture

It is our continued aim to further improve and extend our sustainable product range. From 2021 to 2022 the number of certified sustainable species has remained stable at 45. Our volume of certified sustainable products has increased from 39% to 42%. Certified sustainable is defined as holding an GSSI (Global Sustainable Seafood Initiative) approved certification. The bulk of our certified volume is from ASC (Aquaculture stewardship council) or MSC (Marine Stewardship council).

In a challenging year we have maintained and slightly improved our sale of sustainable products. It is our expectation that the volume of sustainable products will remain stable or slightly increase in 2023.

Anticorruption and bribery

Nordic Seafood Anticorruption and Bribery policy describe a zero tolerance towards corruption. Exceptions defined, include modest gifts (giving / receiving) and modest representation.

Nordic Seafoods Risk profile on corruption and bribery is notable as we have activities in countries wherein corruption is more common. The risk is managed by training our staff in Nordic Seafood Anticorruption and Bribery policy. Training in anticorruption and bribery policy is part of Nordic Seafoods induction programme and also a subject at our recurring CSR courses for all relevant staff. In the financial year 2022 there have been no incidents. It is our expectations that we will have zero incidents in 2023.

MANAGEMENT'S REVIEW

Animal welfare and Biodiversity

Cropland expansion, mainly for soy, is the main driver of deforestation. Nordic Seafoods main consumption of soy is in aquaculture where it is a main component in feed. To offset the adverse impact, we have joined RTRS (Roundtable on Responsible Soy). Through their quota system we purchase credits and thus exchanging our calculated soy footprint with a sustainable one. For the financial year 2022 our calculated soy footprint is approximately 2.500 tons. We have purchased credits to cover this volume.

Report of the Gender Composition in Management, cf. Section 99b of the Danish Financial Statements Act

Target for the Board of Directors

Nordic Seafood is owned and controlled by Nippon Suisan Kaisha Ltd (Nissui) which is listed in Japan. Nordic Seafoods Board of directors is formed by executive board members and board of directors members appointed from companies within the Nissui group. All members have a direct and natural association with the Nordic Seafood Group's business area.

Currently there are no female Board of directors representatives. In consideration of the owners of the Company as described above, the Company has in 2015 stated an objective to appoint one female board member (or 40%) within the next 10 years.

No changes have been implemented in 2022.

Equality in other levels of management

Nordic Seafood A/S has prepared an equal opportunities policy applicable to all levels of management. Thereby the Company will focus on attracting female candidates at all levels however the right qualifications will always be the most important parameter when occupying positions at all levels.

No changes have been implemented as we haven't had any new recruitments on other levels of management in 2022.

Data ethics

In a digitalized world, data processing has become a central part of the core business. In Nordic Seafood, we are aware of our responsibility for data processing and this applies to employees as well as partners, customers and suppliers. We know and uphold all relevant legislation on data processing and storage, including the General Data Protection Regulation (GDPR). Data beyond direct business related activities is considered confidential and cannot be shared with any external parties, pending approval by an executive board member.

It is the policy of the Nordic Seafood to store data responsibly, to continuously ensure that data is processed in a safe and sensible manner and to set a framework for ethical data behavior. We have no plans to share or sell our data. There is a continuous follow-up and our policy is adjusted as digitalization progresses in the business and in legislation.

Branches abroad

The Group has a branch in the Netherlands.

MANAGEMENT'S REVIEW

Financial risks

Special risks

The Group considers the trade with high-quality food products and food safety to be of the highest priority. The import of food from third countries is constantly influenced by various legal measures from both local authorities as well as from the EU.

Price risks

The Group's products are purchased all over the world and consequently they have long transport time. Changes in prices during the transport and stock period might influence the profit of the Group, both positively and negatively.

Currency risks

As a consequence of foreign trade, profit and cash-flow are influenced by the development in the foreign exchange rates, especially USD, GBP, AED, CAD, RUB, NOK and SEK. It is Group policy to hedge the commercial foreign currency risks.

No speculative foreign currency positions are entered into.

INCOME STATEMENT
1 JANUARY – 31 DECEMBER

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
NET REVENUE	22	3.703.662	3.174.060	2.181.745	1.828.495
Cost of goods sold		-3.404.653	-2.896.962	-2.026.977	-1.687.399
Other external expenses.....		-66.312	-56.545	-35.454	-30.895
Other operating income	1	526	528	70	211
GROSS PROFIT		233.223	221.081	119.384	110.412
Staff expenses	2,18	-107.870	-104.584	-54.901	-50.948
Depreciation, amortisation and write-down.....	3	-7.818	-8.481	-5.890	-5.993
Other operating expenses		-215	-66	-28	-23
OPERATING PROFIT		117.320	107.950	58.565	53.448
Income from investments in subsidiaries.	4	0	0	28.517	29.110
Income from investments in associates....	5	2.661	687	2.661	687
Interest income group enterprises		0	0	245	296
Other financial income		317	105	107	22
Write down financial income		-2.002	0	0	0
Interest expenses group enterprises.....		-1.958	-1.353	-2.126	-1.477
Other financial expenses		-15.125	-7.013	-9.719	-5.460
PROFIT BEFORE TAX		101.213	100.376	78.250	76.626
Tax on profit for the year	6	-18.728	-20.302	-10.389	-10.311
PROFIT FOR THE YEAR		82.485	80.074	67.861	66.315
PROPOSED DISTRIBUTION OF PROFIT					
Minority interests' share of profit in subsidiaries		14.624	13.759	0	0
Dividend for the financial year.....		33.000	35.000	33.000	35.000
Allocation to reserve for net revaluation under the equity method.....		0	0	15.327	8.865
Retained profit		34.861	31.315	19.534	22.450
TOTAL		82.485	80.074	67.861	66.315

BALANCE SHEET 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		31/12 2022 DKK '000	31/12 2021 DKK '000	31/12 2022 DKK '000	31/12 2021 DKK '000
Licenses and other rights		741	833	741	833
Goodwill		0	542	0	0
Intangible fixed assets	7	741	1.375	741	833
Land and buildings		40.044	41.550	40.044	41.550
Production plant and machinery.....		5.822	6.568	5.822	6.568
Other plants, fixtures and equipment		10.212	9.489	5.844	5.376
Tangible fixed assets	8	56.078	57.607	51.710	53.494
Investments in subsidiaries.....	9	0	0	156.136	144.575
Investments in associates.....	10	16.405	4.334	16.405	4.334
Fixed asset investments		16.405	4.334	172.541	148.909
FIXED ASSETS		73.224	63.316	224.992	203.236
Finished goods and goods for resale		811.724	555.940	578.947	426.369
Prepayments for goods		45.279	71.686	21.727	52.149
Inventories		857.003	627.626	600.674	478.518
Trade receivables.....		510.774	525.439	295.625	293.308
Receivables from group enterprises.....		0	0	140.266	77.898
Other receivables	11	3.491	5.477	880	965
Corporation tax		0	0	0	6.569
Prepayments and accrued income	12	7.564	7.166	6.289	4.414
Accounts receivable		521.829	538.082	443.060	383.154
Current investments		65	65	65	65
Cash	13	5.881	11.154	21	37
CURRENT ASSETS		1.384.778	1.176.927	1.043.820	861.774
ASSETS		1.458.002	1.240.243	1.268.812	1.065.010

BALANCE SHEET 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		31/12 2022 DKK '000	31/12 2021 DKK '000	31/12 2022 DKK '000	31/12 2021 DKK '000
Share capital		1.650	1.650	1.650	1.650
Reserves for net revaluation under the equity method		0	0	86.422	73.597
Reserves for fair value of hedging instruments.....		-3.562	1.942	-1.513	1.341
Reserves for foreign currency translation		-520	-3.975	0	0
Retained profit		417.685	386.131	328.694	309.160
Proposed dividend for the year		33.000	35.000	33.000	35.000
Capital and reserves attributable to owners		448.253	420.748	448.253	420.748
Minority interests.....		48.763	41.304	0	0
EQUITY		497.016	462.052	448.253	420.748
Deferred tax		2.268	4.096	2.859	2.611
Provision for pensions and similar liabilities.....		252	257	0	0
PROVISION FOR LIABILITIES	14	2.520	4.353	2.859	2.611
Long-term liabilities	15	24.537	26.219	24.537	26.219
Current portion of long-term liabilities	15	1.682	1.669	1.682	1.669
Debt to banks	13	528.628	340.933	541.768	340.929
Trade payables		239.973	259.496	118.532	145.103
Payables to group enterprises.....		81.802	85.520	96.366	100.843
Payables to associates.....		380	3.381	380	3.381
Corporation tax		10.963	2.421	4.110	0
Other payables	11	70.501	54.199	30.325	23.507
Current liabilities.....		933.929	747.619	793.163	615.432
LIABILITIES		958.466	773.838	817.700	641.651
EQUITY AND LIABILITIES		1.458.002	1.240.243	1.268.812	1.065.010
Contingencies etc.....	16				
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STATEMENT OF CHANGES IN EQUITY

DKK '000	Group						Total
	Share capital	Reserve for hedging transactions	Reserve for foreign currency translation	Retained profit	Proposed dividend	Minority interests	
Equity at 1 January	1.650	1.942	-3.975	386.131	35.000	41.304	462.052
Dividend distributed					-35.000	-10.932	-45.932
Net profit/loss for the year.....				34.861	33.000	14.624	82.485
Currency translation			148			3.877	4.025
Disposals.....			3.307	-3.307		-29	-29
Adjustment hedging instruments ..		-5.504				-81	-5.585
Equity at 31 December.....	1.650	-3.562	-520	417.685	33.000	48.763	497.016

DKK '000	Parent Company					Total
	Share capital	Net revaluation under the equity method	Reserve for hedging transactions	Retained profit	Proposed dividend	
Equity at 1 January	1.650	73.597	1.341	309.160	35.000	420.748
Dividend distributed					-35.000	-35.000
Net profit/loss for the year.....		15.327		19.534	33.000	67.861
Currency translation		148				148
Adjustment hedging instruments		-2.650	-2.854			-5.504
Equity at 31 December.....	1.650	86.422	-1.513	328.694	33.000	448.253

31/12 2022 31/12 2021
DKK '000 DKK '000

Share capital

1.650.007 shares in the denomination of DKK 1.650 1.650

CASH FLOW STATEMENT 1 JANUARY – 31 DECEMBER

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Profit for the year		82.485	80.074	67.861	66.315
Reversed depreciation of the year		7.818	8.481	5.890	5.993
Other adjustments		-6.766	7.240	-4.437	4.950
Profit from subsidiaries, associates and current investment		-2.661	-687	-31.179	-29.797
Reversed tax on profit for the year		18.728	20.302	10.389	10.311
Corporation tax paid		-10.326	-17.636	1.343	-12.282
Change in inventory		-232.379	-58.677	-122.155	-85.520
Change in accounts receivable		22.068	-195.479	-1.692	-82.460
Change in current liabilities		-9.241	77.335	-22.168	25.950
Cash flows from operating activities ..		-130.274	-79.047	-96.148	-96.540
Purchase of intangible fixed assets		-148	0	-148	0
Purchase of tangible fixed assets		-6.101	-8.439	-3.894	-6.547
Sale of tangible fixed assets		797	1.757	0	1.470
Purchase of financial investments		-10.000	-40	-10.000	-40
Sale of financial investments		0	0	0	51
Dividend received in the financial year..		1.382	1.107	15.851	20.932
Cash flows from investing activities ...		-14.070	-5.615	1.809	15.866
Repayments of long-term loans		-1.669	-1.656	-1.669	-1.656
Repayments from short-term borrowing		170.876	-13.637	170.876	-13.637
Payables to group enterprises		2.063	71.214	-66.845	-2.574
Payables to associates		-3.001	2.139	-3.001	2.138
Dividend paid to non-controlling interest		-10.932	-4.623	0	0
Dividend paid to company's shareholders		-35.000	-13.000	-35.000	-13.000
Cash flows from financing activities...		122.337	40.437	64.361	-28.729
Change in cash and cash equivalents..		-22.007	-44.225	-29.978	-109.403
Cash and cash equivalents at 1 January .		-21.022	20.599	-32.135	77.268
Exchange adjustment of cash and cash equivalents		-84	2.604	0	0
Cash and cash equivalents at 31 December	13	-43.113	-21.022	-62.113	-32.135

NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
Other operating income					1
Government grants	72	190	70	0	
Other operating income	454	338	0	211	
	526	528	70	211	
Staff expenses					2
Average number of employees.....	173	173	90	87	
Amount of total staff expenses:					
Wages and salaries	93.656	93.326	46.018	44.823	
Pensions	10.224	7.214	7.773	5.163	
Other social security expenses	3.990	4.044	1.110	962	
	107.870	104.584	54.901	50.948	
Depreciation, amortisation and write-down					3
Licenses and other rights	240	276	240	276	
Goodwill	542	1.085	0	0	
Properties	2.557	2.749	2.557	2.749	
Production plant and machinery.....	1.086	1.006	1.086	1.006	
Other plants, fixtures and equipment	3.393	3.365	2.007	1.962	
	7.818	8.481	5.890	5.993	
Income from investments in subsidiaries					4
Share of profit before tax	0	0	34.438	36.081	
Share of tax in subsidiaries	0	0	-5.921	-6.971	
	0	0	28.517	29.110	
Income from investments in associates					5
Share of profit before tax	3.418	836	3.418	836	
Share of tax in associates	-757	-149	-757	-149	
	2.661	687	2.661	687	

NOTES

	Group		Parent Company		Note
	2022	2021	2022	2021	
	DKK '000	DKK '000	DKK '000	DKK '000	
Tax on profit for the year					6
Computed tax on taxable income of the year.....	19.065	19.806	9.336	10.515	
Adjustment of deferred tax	-269	738	1.053	-204	
Adjustment of tax previous years	-68	-242	0	0	
	18.728	20.302	10.389	10.311	
Intangible fixed assets					7
	Group		Parent Company		
	Licenses and other rights	Goodwill	Licenses and other rights	Goodwill	
	DKK'000	DKK'000	DKK'000	DKK'000	
Cost at 1 January.....	7.373	39.865	7.373	0	
Exchange adjustments.....	0	53	0	0	
Additions.....	148	0	148	0	
Cost at 31 December	7.521	39.918	7.521	0	
Amortisation at 1 January	6.540	39.323	6.540	0	
Exchange adjustments.....	0	53	0	0	
Amortisation	240	542	240	0	
Amortisation at 31 December	6.780	39.918	6.780	0	
Carrying amount at 31 December	741	0	741	0	

NOTES

Note

Tangible fixed assets

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	Group		
	Land and buildings	Production plant and machinery	Other plants, fixtures and equipment
	DKK'000	DKK'000	DKK'000
Cost at 1 January	76.804	26.733	23.336
Exchange adjustments	0	0	-86
Additions	1.079	340	4.682
Disposals	-85	-2.915	-1.849
Cost at 31 December	77.798	24.158	26.083
Depreciation at 1 January	35.254	20.165	13.847
Exchange adjustments	0	0	-50
Depreciation	2.557	1.086	3.393
Depreciation sold assets	-57	-2.915	-1.319
Depreciation at 31 December	37.754	18.336	15.871
Carrying amount at 31 December	40.044	5.822	10.212
	Parent Company		
	Land and Buildings	Production plant and Machinery	Other plants, fixtures and equipment
	DKK'000	DKK'000	DKK'000
Cost at 1 January	76.804	26.733	14.410
Additions	1.079	340	2.475
Disposals	-85	-2.915	-278
Cost at 31 December	77.798	24.158	16.607
Depreciation at 1 January	35.254	20.165	9.034
Depreciation	2.557	1.086	2.007
Depreciation sold assets	-57	-2.915	-278
Depreciation at 31 December	37.754	18.336	10.763
Carrying amount at 31 December	40.044	5.822	5.844

NOTES

	Parent Company		Note
	31/12 2022	31/12 2021	
	DKK '000	DKK '000	
Investments in subsidiaries			9
Cost at 1 January	73.197	73.976	
Disposals	0	-779	
Cost at 31 December	73.197	73.197	
Revaluation at 1 January	71.378	56.483	
Exchange adjustments	163	2.396	
Dividend to parent company	-14.469	-19.825	
Profit for the year	28.517	29.110	
Adjustment of equity in subsidiaries	-2.650	2.486	
Revaluation, disposal	0	728	
Revaluation at 31 December	82.939	71.378	
Carrying amount at 31 December	156.136	144.575	

Name and registered office	Equity	Profit for the year	Ownership	Parent Company	
				Equity	Profit for the year
Nordic Frozen Food ApS, Aalborg, Denmark	5.496	2.863	60%	3.298	1.718
Nordic Seafood Supply ApS, Esbjerg, Denmark ..	10.093	2.476	70%	7.065	1.733
Pesca Nordica ApS, Hirtshals, Denmark	4.863	2.020	55%	2.675	1.111
J.P. Klausen & Co A/S, Svendborg, Denmark.....	65.428	12.367	100%	65.428	12.367
Nordic Seafood France SAS, Le Touquet Paris Plage, France	7.186	2.596	90%	6.467	2.336
Nordic Seafood UK Ltd Louth Lincolnshire, United Kingdom	4.334	2.718	80%	3.467	1.512
Nordic Seafood International ApS Hirtshals, Denmark.....	72	-2.837	100%	72	-2.837
Nordic Seafood SEE d.o.o., Kostrena, Croatia	4.489	683	80%	3.591	546
Retail Sale ApS *), Hirtshals, Denmark	1.742	297	100%	100	0
Nordic Seafood Italy ApS, Hirtshals, Denmark....	18.504	5.453	60%	11.102	3.272
Seafood Middle East FZC, Dubai, UAE.....	38.816	2.825	80%	31.053	2.260
J.P. Klausen Polska Sp. z.o.o., Szczecin, Poland..	4.766	1.093	80%	3.813	874
Nordic Seafood Cruice Supply ApS Hirtshals, Denmark	4.058	2.326	70%	2.841	1.628
Seabreeze Seafood AB, Ljungby, Sweden.....	20.258	3.290	70%	14.181	2.303
Nordic Seafood Benelux BVBA Brugge, Belgium	1.637	394	60%	983	236
				156.136	29.059
Goodwill at 31 December 2022.....				0	
Goodwill, amortisation of the year					-542
				156.136	28.517

*) The Parent Company own the majority shareholding in Retail Sale ApS, but can't claim dividend, for which reason the shareholding is valuated at cost price.

NOTES

	Group		Parent Company		Note
	31/12 2022	31/12 2021	31/12 2022	31/12 2021	
	DKK '000	DKK '000	DKK '000	DKK '000	
Investments in associates					10
Cost at 1 January	2.115	2.075	2.115	2.075	
Additions.....	10.000	40	10.000	40	
Cost at 31 December	12.115	2.115	12.115	2.115	
Revaluation at 1 January	2.219	2.468	2.219	2.468	
Exchange adjustment at closing rate	-15	171	-15	171	
Dividend to parent company	-1.382	-1.107	-1.382	-1.107	
Profit for the year	2.661	687	2.661	687	
Revaluation at 31 December	3.483	2.219	3.483	2.219	
Investments with negative net asset value amortised over receivables	807	0	807	0	
Carrying amount at 31 December	16.405	4.334	16.405	4.334	

Investments are specified as follows (DKK '000):

Name and registered office.	Equity	Profit for the year	Ownership	Parent Company	
				Equity	Profit for the year
Nordic Meeresfrüchte G.m.b.H, Neumarkt, Germany	2.213	3.206	33,3%	738	1.069
Nordic Seafood Iceland ehf. Reykjavik, Iceland	3.344	452	50,0%	1.672	226
Vestmanna Seafood P/F Vestmanna, The Faroe Islands	6.919	-1.104	25,0%	1.730	-276
Sp/f V.F. Holding Vestmanna, The Faroe Islands	31.032	11.064	25,0%	7.758	2.766
Plante kompagniet ApS Charlottenlund, Denmark	-2.017	-1.557	40,0%	-807	-623
				11.091	3.162
Goodwill at 31 December 2022.....				4.507	
Goodwill, amortisation of the year					-501
				15.598	2.661
Investments with negative net asset value amortised over receivables				807	-
				16.405	2.661

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Note

Derivative financial instruments

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Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent Company	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
	DKK '000	DKK '000	DKK '000	DKK '000
Assets	0	1.514	0	119
Liabilities	5.307	0	2.414	0

Forward exchange contracts have been concluded to hedge future purchase and sale of goods in foreign currencies. At the balance sheet date, the nominal value of the exchange contracts amounts to DKK 183 million for the Parent Company and DKK 320 million for the Group. According to group foreign currency policy all purchases and sales are hedged when it is likely that the underlying contract will be fulfilled. Purchase contracts have been hedged for at period of 1-10 months and sales contracts for a period of 1-12 months.

Prepayments and accrued income

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Prepayments consist of prepaid expenses concerning rent, leasing, software, insurance, salespromoting cost as well as financial charges.

	Group		Parent Company	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
	DKK '000	DKK '000	DKK '000	DKK '000
Cash and cash equivalents				
Cash	5.881	11.154	21	37
Debts to banks	-528.628	-340.933	-541.768	-340.929
	-522.747	-329.779	-541.747	-340.892
Reconciliation to cash flow statement				
Balances as above	-522.747	-329.779	-541.747	-340.892
Debt to bank not considered as cash				
equivalents	479.634	308.757	479.634	308.757
Cash and cash equivalentants	-43.113	-21.022	-62.113	-32.135

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					Note
Deferred tax					14
Deferred tax liability at 1 January	4.096	1.392	2.611	1.685	
Amounts recognised in the income statement for the year	-269	738	1.053	-204	
Amounts recognised in equity for the year	-1.559	1.966	-805	1.130	
Deferred tax liability at 31 December ..	2.268	4.096	2.859	2.611	
Deferred tax concerns:					
Fixed assets	2.785	2.826	1.300	1.098	
Current assets	-517	1.270	1.559	1.513	
	2.268	4.096	2.859	2.611	
Provision for pensions and similar liabilities					
Provision for pensions and similar liabilities at 1 January	257	355	0	0	
Amounts recognised in the income statement for the year	-5	-98	0	0	
Provision for pensions and similar liabilities at 31 December	252	257	0	0	
Provision for pensions and similar liabilities concerns:					
Long terms	252	257	0	0	
	252	257	0	0	
Long-term liabilities					15
	Total	Total		Long-term	Debt
DKK '000	liabilities	liabilities	Repayment	liabilities	outstanding
	1/1 2022	31/12 2022	next year	31/12 2022	after 5 years
Mortgage debt	27.888	26.219	1.682	24.537	17.672
Parent company, total	27.888	26.219	1.682	24.537	17.672
Group, total	27.888	26.219	1.682	24.537	17.672

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Note

Contingencies etc.

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The Parent Company's payments under operation leases concerning cars is 179 DKK'000. The remaining terms is 22 month.

The Parent Company has issued joint and several surety for J.P. Klausen Co. A/S', Seafood Middle East FZC' and Nordic Seafood France SAS' engagement with banks.

The Group's payments for office premises concerning contracts which are terminable with 1-55 month notice is 2.510 DKK'000.

The Group's payments under operation leases concerning cars and computer equipment is 1.817 DKK'000. The remaining terms is 3-33 months.

The Parent Company has issued a letter of support towards Nordic Seafood International ApS.

Except as mentioned above, the Parent Company and the Group have no guarantee and warranty obligations, or other contingent liabilities.

The Group's Danish companies are joint and several liable regarding tax on the Group's jointly taxed income etc. The total due corporation tax amount is shown in the Annual Report of Nordic Seafood A/S which is the administrative company in relation to the joint taxation. The Group's Danish companies are also joint and several liable for Danish tax at source in the form of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent corrections to corporation taxes and tax at source may result in the Company's liabilities constituting a larger amount.

Mortgages and securities

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As security for the engagement with Realkredit Danmark the following has been deposited:

Mortgage deed on the property Søren Nordbysvej, matr.nr. 13 CM Horne By, nominal value DKK '000	26.219
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The book value of the above property is 40.044 DKK'000

NOTES

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Related parties

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Nordic Seafood A/S' related parties include:

Controlling interest

Nissui Europe B.V., Hoger Einde-Zuid 6, 1191 AG, Ouderkerk aan de Amstel, The Netherlands

Other related parties having performed transactions with the Company

Nordic Seafood A/S' related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers.

Transactions with related parties

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.

Transactions with related parties have been performed on arm's length terms.

There has not been made any payments to the Board of Directors, neither in the financial year 2022 nor in the financial year 2021. The payment (inclusive incentive payment) to the management amounts to 10.862 DKK'000 in the financial year 2022 against 10.731 DKK'000 in the financial year 2021.

Ownership

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The following shareholders are recorded in the Company's register of shareholders as owning more than 5% of the votes or the share capital:

Nissui Europe B.V.

Hoger Einde-Zuid 6, 1191 AG, Ouderkerk aan de Amstel, The Netherlands

The Company's ultimate parent is:

Nissui Corporation Ltd.,

Nishi-Shimbashi Square, Minato-ku, Tokyo 105-8676 Japan

The Group Annual Report for Nissui Corporation Ltd. may be obtained at the following address:

Nishi-Shimbashi Square, Minato-ku, Tokyo 105-8676 Japan. www.nissui.co.jp

	Group		Parent Company		Note
	2022	2021	2022	2021	
	DKK '000	DKK '000	DKK '000	DKK '000	
Proposed distribution of profit					20
Minority interests' share of profit in					
subsidiaries	14.624	13.759	0	0	
Dividend for the financial year.....	33.000	35.000	33.000	35.000	
Allocation to reserve for net					
revaluation under the equity method.....	0	0	15.327	8.865	
Retained profit	34.861	31.315	19.534	22.450	
	82.485	80.074	67.861	66.315	

NOTES

	Group		Parent Company		Note
	2022	2021	2022	2021	
	DKK '000	DKK '000	DKK '000	DKK '000	
Fee to auditors appointed by the General Meeting					21
Audit	541	515	242	236	
Other statement	129	127	84	82	
Tax and VAT consultancy	301	301	282	281	
Other services.....	51	48	6	6	
	1.022	991	614	605	
Segment details					22
Net revenue:					
Scandinavia	756.514	718.831	527.446	507.286	
Europe	2.301.376	1.881.000	1.577.346	1.309.931	
Other countries	645.772	574.229	76.953	11.278	
	3.703.662	3.174.060	2.181.745	1.828.495	
Subsequent events					23
No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.					

ACCOUNTING POLICIES

The Annual Report of Nordic Seafood A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C enterprises.

The accounting policies are consistent with the policies applied last year

Reporting currency

The Annual Report is presented in DKK '000.

General information about recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. Any costs, including depreciation, amortisation and write-down, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is likely that future economic benefits 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 likely that future economic benefits will flow out of the company and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation on the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

The carrying amount of tangible fixed assets should be estimated annually to determine if there is any indication of impairment in excess of the amount reflected by normal amortisation or depreciation. If this is the case, write-down should be made to the lower recoverable amount.

Consolidated financial statements

The consolidated financial statements include the parent company Nordic Seafood A/S and its subsidiary enterprises in which Nordic Seafood A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group chart.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiary enterprises by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

ACCOUNTING POLICIES

Investments in subsidiary enterprises are set off by the proportional share of the subsidiary enterprises' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities, inclusive of provision for liabilities for restructuring, are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences which correspond to an expected unfavourable development in the enterprises are recognised as negative goodwill under accruals in the balance sheet and recognised in the income statement as and when the unfavourable development is realised.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated according to the accounting policies of the parent company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiary enterprises are recognised fully in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiary enterprises is adjusted annually and stated as separate items in the income statement and balance sheet.

Foreign currency translation

All companies in the group have determined a functional currency which is the currency that the relevant enterprise primarily is affected by when fixing prices for purchase and sale. All transactions are measured in the functional currency. Foreign currencies are all other currencies than the functional currency.

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Associates are translated to the presentation currency of the group. The group's share of results is translated at an average exchange rate and the investment is translated at the rate on the balance sheet date. Exchange rate adjustments are recognised separately in the equity.

Revenue

Information on geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Costs of goods sold

Costs of goods sold comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

Government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income.

Other external expenses

Other external costs include expenses for distribution, sales, advertising, administration, premises, loss on bad debts, etc., production and quality assurance.

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.

Investments in subsidiary enterprises and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary enterprise after full elimination of internal gains/loss and deduction of amortisation of goodwill.

The consolidated income statement and the parent company income statement recognise the proportional share of the results of each associate after elimination of the proportional share of internal gains/loss and deduction of amortisation of goodwill.

Financial income and expenses in general

Financial income and expenses include interest income and expenses, financial expenses of financial leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

ACCOUNTING POLICIES

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method)

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life, which is estimated to 5-10 years.

Acquired licences and other rights are measured at cost less accumulated amortisation. Licences and other rights are amortised on a straight-line basis over the expected useful life, which is estimated to 5 years.

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. No depreciation is provided on land.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Buildings (administration).....	20 years	50% of cost
Buildings (Cold store and production)	20 years	0%
Production plant and machinery	3-10 years	0%
Other plants, fixtures and equipment	3-10 years	0%

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised as other operating income and expenses in the income statement.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation. If so, the asset is written down to its lower recoverable amount.

ACCOUNTING POLICIES

Lease contracts

Lease contracts relating to tangible fixed assets, where the company bears all material risks and benefits attached to the ownership (financials lease), are recognised as assets in the balance sheet. The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

Fixed asset investments

Investments in subsidiary enterprises and associates are measured in the parent company balance sheet under the equity method.

Investments in subsidiary enterprises and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

Net revaluation of investments in subsidiary enterprises and associates is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value with deduction of amortisation of goodwill.

Inventories

Inventories are measured at cost based on weighted average prices. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of inventories is calculated at acquisition price with addition of direct payroll costs, transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials, and payroll cost I and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Inventories and liabilities are recognised in the balance sheet when the goods physically are received on stock.

Accounts receivable

Accounts receivable are measured at amortised cost, which usually corresponds to nominal value. Write-down is provided to meet expected losses.

Accruals

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Other securities and investments

Securities recognised as current assets are measured at the historical cost price.

Dividend

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax.

Provision for pensions and similar liabilities

The group has recognised provisions for pensions and liabilities of uncertain timing or amount including pension liabilities and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Mortgage debt is measured at amortised cost which for cash loans is equal to the debt outstanding and for bond loans is equal to the debt outstanding, calculated on the basis of the underlying cash value of the loan at the time of borrowing.

Other liabilities which include debt to suppliers, subsidiaries and associates and other debt are measured at amortised cost which usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

ACCOUNTING POLICIES

Derivative financial instruments

Derivative financial instruments are recognised first time in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other debt. The fair value of derivative financial instruments is calculated based on market data received from the company's bank.

Change of the fair value of derivative financial instruments that are not classified as hedging instruments are recognized in the income statement as financial income or expenses.

Change of the fair value of derivative financial instruments, classified as and fulfilling the criteria for hedging of the fair value of a recognised asset or liability, is recognised in the income statement together with any changes in the fair value of the hedged asset or the hedged liability.

Change of the fair value of derivative financial instruments, classified as and fulfilling the criteria for hedging of future cash flows, is recognised temporarily in the equity until the hedged transaction is carried out. If the future transaction results in recognition in assets or liabilities, the value of the hedging instrument is to be transferred from equity to the cost of the asset or the liability. If the future transaction results in income or expenses, the value of the hedging instrument is to be transferred to the income statement

CASH FLOW STATEMENT

The cash flow statement shows the company's and the group's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include short-term bank overdraft and liquid funds, that are part of ongoing liquidity management, where there are only insignificant risks of impairment.

The cash-flow statement cannot be deduced from the published account material alone.