

Aarstiderne A/S

Barritskovvej 34, 7150 Barrit

CVR no. 12 54 29 76

Annual report 2021

Approved at the Company's annual general meeting on 29 June 2022

Chair of the meeting:

.....
Thomas Harttung

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes to the financial statements	15

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Aarstiderne A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Barrit, 29 June 2022
Executive Board:

.....
Annette Hartvig Larsen

.....
Thomas Slott

.....
Philip Thestrup

Board of Directors:

.....
Thomas Harttung
Chair

.....
Søren Ejlersen

.....
Riëlla Hollander

.....
Mette Maix

.....
Thomas Hess-Nielsen
Employee representative

Independent auditor's report

To the shareholders of Aarstiderne A/S

Opinion

We have audited the financial statements of Aarstiderne A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 29 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Tom B. Lassen
State Authorised Public Accountant
mne24820

Management's review

Company details

Name	Aarstiderne A/S
Address, Postal code, City	Barritskovvej 34, 7150 Barrit
CVR no.	12 54 29 76
Established	1 November 1988
Registered office	Hedensted
Financial year	1 January - 31 December
Website	www.aarstiderne.com
Telephone	+45 70 26 00 66
Board of Directors	Thomas Harttung, Chair Søren Ejlersen Riëlla Hollander Mette Maix Thomas Hess-Nielsen, Employee representative
Executive Board	Annette Hartvig Larsen Thomas Slott Philip Thestrup
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	765,212	759,750	657,898	684,988	672,028
Gross profit	195,657	226,360	181,026	169,455	175,322
Earnings before interest, taxes, depreciation and amortisation (EBITDA)*	13,640	64,795	33,920	34,346	63,590
Operating profit/loss	-9,504	41,233	12,041	15,635	48,711
Net financials	-228	-5	-117	-214	-169
Profit/loss for the year	-2,976	36,865	13,234	14,727	40,381
Total assets	162,557	187,548	145,338	134,548	149,327
Equity	51,828	63,472	57,442	57,058	61,313
Financial ratios					
Operating margin	-0.7%	6.2%	2.6%	2.8 %	7.8 %
Gross margin	25.6%	29.8%	27.5%	24.7%	26.1%
Equity ratio	31.9%	33.8%	39.5%	42.4%	41.1%
Return on equity	-5.2%	61.0%	23.1%	24.9%	80.8%
Return on capital employed	0.0%	75.5%	31.7%	37.2%	112.3%
Average number of full-time employees					
	363	330	296	269	224

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Operating margin	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Return on capital employed	$\frac{\text{Operating profit} \times 100}{\text{Average operating assets}}$

* EBITDA is adjusted for losses on the sale of property, plant and equipment, which is included in 'other operating expenses'.

Management's review

Business review

The Company's principal activity is to deliver organic products and meal solutions directly to private households, offices, catering companies and other businesses and institutions.

Objective

Aarstiderne recreates the close links between the work of the organic farmer and the work in all the kitchens – transforming the bounties of the land into feasts of good, nutritious, seasonal, and inspired food.

The objective of the Company includes having a material positive impact on society and the environment, taken as a whole, from the business and operations of the Company.

Financial review

Revenue in 2021 totalled DKK 765.1 million (2020: DKK 759.8 million) and profit before tax totalled DKK -5.3 million (2020: DKK 47.2 million). Profit after tax totalled DKK -3.0 million (2020: DKK 36.9 million).

The profit for the year was DKK 39.9 million lower than in 2020.

There are several reasons for the unsatisfactory result.

- Consumer behaviour over the Summer and into the Fall changed and was misjudged as the restrictions were lifted by the governments in Denmark and Sweden, and the world opened for eating out and travelling.
- The Covid-19 pandemic impacted the year substantially as restrictions challenged daily operations due to sickness among employees and hindered working conditions.
- The Company developed the ability to sell online bespoke order groceries and suffered delays in deliveries and cost overruns.

Conclusion

The Executive Board and the Board of Directors consider the Company's financial performance in 2021 to be unsatisfactory.

Equity

Equity totalled DKK 51.8 million at 31 December 2021 (2020: DKK 63.5 million), corresponding to 31.8% (2020: 33.8%) of the balance sheet total.

Non-financial matters

Special risks

Price risks

Aarstiderne maintains comprehensive cooperation with growers inside and outside of Denmark. Consequently, the forward price situation is usually well known within a 12 month perspective.

The international situation is changing rapidly in 2022 and this will increase price risks.

Currency risks

More than 80% of revenue is received in DKK.

The Company pays its foreign suppliers predominantly in EUR, DKK, and SEK.

While impacting immediate profitability of the Swedish branch, fluctuations in the DKK/SEK exchange rate are not seen to pose any material risk to the Company. The Company hedges its exposure to SEK on a rolling 12 month basis.

Management's review

Knowledge resources

The Company continuously accumulates internal knowledge about its business model, customers, and suppliers. Throughout 2021, emphasis was put on developing the cooperation with suppliers, expanding the diversity and the level of cooperation with farmers and producers of organic food.

In 2021, emphasis has also been put on the continuing development and further deepening of the relationship with the customers. This has primarily been done by developing the ability to deliver groceries in a pick and pack set-up and a possibility for the customers to sign up as Plus Members with a yearly subscription system giving special privileges to these members.

Also, a Venue prototype was developed in 2021. A Venue is a combined shop, eatery and take-away that will give customers analogue access to the Company.

Due to the pandemic, parts of the co workers worked from their homes, while the other part had to endure limitations and restrictions upon entering the workplace, such as limitations on break spaces, having to wear face masks etc. Despite this the commitment and the ability to take charge of the various situations has been consistent.

Impact on the external environment

As an organically certified entity and due to our Articles of Association, Aarstiderne is committed to minimising its energy consumption, avoiding any unnecessary negative impact on the environment, and using local resources as much as possible. This is reflected in a comprehensive Environmental Assessment report, which governs company policy in this area and establishes frameworks for engagement and action plans.

The Company engages in carbon accounting, emissions are monitored, and reduction projects are assessed. The company bought carbon credits in 2021 to compensate for the emissions in all of 2021, and hence, the company is living up to the promise given in the Planetar® Pledges published at the end of 2019 on being in CO₂ balance.

The Company maintained organic certification throughout the fiscal year.

Research and development activities

The Company continuously initiates and participates in various research projects focusing on lowering carbon emissions, minimising food waste, increasing the Danish share of meal kit content, etc. The 17 Sustainable Development Goals (SDGs), as set forth by the UN, have become the guiding principles, however the sustainability focus has always been an integrated part of the DNA of Aarstiderne.

Over the years the Company has invested in developing a database to support the calculation of CO₂ footprints. This work was finalised during 2021 and will be used from 2022 both for private customers on the meal kits and for business customers through the wholesale business.

The Company participated in three projects with the University of Aarhus:

- a. SustainOrganic, a project run with other food businesses. The aim is to improve the data used to calculate the impact the composition of meals has on the climate. This is done by calculating the actual practises of the Company in order to measure the transformational impact the Company has on customers' choices of more climate friendly diets.
- b. ClimateVeg, a project run with greenhouse and field growers. The aim is to collect technical data of vegetable production to improve Life Cycle Analyses. The Life Cycle Analysis toolbox is used to calculate the impact the choice of diet has on the climate stemming from both the vegetables grown and their accompanying production systems.
- c. ComCrop, a project run with private company regarding composting technology. The aim is to combine the decomposition of organic waste and the extraction of liquid nitrogen with the positive side effect of heat generation. The project evaluates the limits of a prototype installation and gathers experience on the utilisation of residual products.

The company has been through a B Corp certification process in 2021. The Company will become certified mid 2022.

Management's review

Foreign branches

The Company maintains a branch in Sweden.

Statutory CSR report

The Company does not file separate reporting on Corporate Social Responsibility (CSR), however, CSR reporting for Aarstiderne is included in the CSR report for Barritskov Holding ApS, which is accessible on the website:

https://www.aarstiderne.com/media/2876/230622_barritskov-holding_csr-report-2021.pdf

Account of the gender composition of Management, cf. §99b

At Aarstiderne a transparent dialogue will be maintained on the distribution of women and men at the leadership and employee level of the organisation. The Company strives to have a 40/60 distribution overall, albeit qualifications will be chosen before gender. The distribution among employees in 2021 was 48/52. At executive management level and at Board level, the distribution is 43/57.

The executive team consisted of 1 woman and 2 men.

The Board consisted of four members elected by the AGM in 2021, two female and two males, plus two members elected by the co-workers also male hence the distribution.

At the report date there is only one member elected by the co-workers.

Data ethics

The Company has published its statement on data ethics on the Company's website according to section 99d of the Danish Financial Statements Act on data ethics:

<https://www.aarstiderne.com/kundeservice/datatetisk-politik>

Events after the balance sheet date

The business has been impacted on Revenue also in the beginning of 2022. The last of the Covid-19 restrictions were finally revoked 1 February 2022, and the pandemic has been challenging, especially at the operational level due to the lack of a qualified work force, throughout the Christmas period and well into the new year.

Outlook

2022 is expected to be challenging. The aftermath of the Covid-19 and the war in Ukraine is putting an exceedingly high pressure on prices, and inflation is increasing. The accumulated consequences of this are difficult to predict.

The company is in the middle of a strategic shift by opening more individual ordering options and physical points of sale. Both areas add further to the uncertainties regarding the financial performance in 2022.

On this background revenue for 2022 is expected to be in the range of DKK 775 - 825 million and the profit in the range of DKK 0 – 10 million.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2021	2020
2	Revenue	765,212	759,750
	Other operating income	5,279	5,968
	Raw materials and consumables	-363,518	-347,570
	Other external expenses	-211,316	-191,788
	Gross profit	195,657	226,360
3	Staff costs	-182,017	-161,565
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-17,864	-17,595
	Other operating expenses	-1,065	0
	Profit/ loss before net financials	-5,289	47,200
	Income from investments in group entities	159	-137
	Financial income	625	748
	Financial expenses	-853	-753
	Profit/ loss before tax	-5,358	47,058
4	Tax for the year	2,382	-10,193
	Profit/ loss for the year	-2,976	36,865

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	18,581	8,022
	Carbon instruments	344	802
	Intellectual property rights and trademarks	3,509	4,103
	Goodwill	857	1,059
	Development projects in progress	1,174	5,906
		<u>24,465</u>	<u>19,892</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	10,660	12,580
	Leasehold improvements	24,274	15,902
		<u>34,934</u>	<u>28,482</u>
7	Investments		
	Investments in group entities, net asset value	2,847	103
	Participating interests	50	0
	Other securities and investments	2,500	2,500
	Deposits	9,509	7,766
		<u>14,906</u>	<u>10,369</u>
	Total fixed assets	<u>74,305</u>	<u>58,743</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	7,779	6,036
	Finished goods and goods for resale	33,612	26,136
		<u>41,391</u>	<u>32,172</u>
	Receivables		
	Trade receivables	22,472	18,836
	Receivables from group entities	302	0
	Joint taxation contribution receivable	1,192	0
	Other receivables	7,227	7,210
8	Prepayments	2,705	1,582
		<u>33,898</u>	<u>27,628</u>
	Cash	<u>12,963</u>	<u>69,005</u>
	Total non-fixed assets	<u>88,252</u>	<u>128,805</u>
	TOTAL ASSETS	<u>162,557</u>	<u>187,548</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	7,091	7,091
	Reserve for development costs	15,322	11,442
	Hedging reserve	0	-166
	Retained earnings	29,415	45,105
	Total equity	51,828	63,472
	Provisions		
10	Deferred tax	1,246	3,208
	Total provisions	1,246	3,208
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Lease liabilities	129	932
	Other payables	14,807	15,051
		14,936	15,983
	Current liabilities other than provisions		
11	Current portion of long-term liabilities	53	2,031
	Prepayments received from customers	5,471	3,582
	Trade payables	71,387	72,643
	Payables to group entities	0	120
	Joint taxation contribution payable	0	818
	Other payables	17,636	25,691
		94,547	104,885
	Total liabilities other than provisions	109,483	120,868
	TOTAL EQUITY AND LIABILITIES	162,557	187,548
1	Accounting policies		
12	Treasury shares		
13	Contractual obligations and contingencies, etc.		
14	Collateral		
15	Related parties		
16	Appropriation of profit/loss		

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Hedging reserve	Retained earnings	Total
	Equity at 1 January 2020	7,091	9,115	0	41,236	57,442
16	Transfer, see "Appropriation of profit/loss"	0	2,327	0	3,869	6,196
	Adjustment of hedging instruments at fair value	0	0	-212	0	-212
	Tax on items recognised directly in equity	0	0	46	0	46
	Equity at 1 January 2021	7,091	11,442	-166	45,105	63,472
16	Transfer, see "Appropriation of profit/loss"	0	3,880	0	-6,856	-2,976
	Other value adjustments of equity	0	0	57	-57	0
	Adjustment of hedging instruments at fair value	0	0	140	0	140
	Tax on items recognised directly in equity	0	0	-31	0	-31
	Extraordinary dividend distributed	0	0	0	-8,777	-8,777
	Equity at 31 December 2021	7,091	15,322	0	29,415	51,828

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2021	2020
	Profit/loss for the year	-2,976	36,865
17	Adjustments	16,616	27,930
	Cash generated from operations (operating activities)	13,640	64,795
18	Changes in working capital	-22,891	18,273
	Cash generated from operations (operating activities)	-9,251	83,068
	Interest received, etc.	625	748
	Interest paid, etc.	-853	-753
	Income taxes paid	-428	-9,271
	Cash flows from operating activities	-9,907	73,792
	Additions of intangible assets	-13,885	-10,426
	Additions of property, plant and equipment	-16,578	-6,153
	Disposals of property, plant and equipment	508	0
	Purchase of financial assets	-1,743	-762
	Acquisition of companies	-2,635	-2,500
	Cash flows to investing activities	-34,333	-19,841
	Dividends paid	-8,777	-30,669
	Repayments, finance leases	-2,781	-2,294
	Raising of loan in the Employees' Fund for Residual Holiday Funds	-244	9,823
	Cash flows from financing activities	-11,802	-23,140
	Net cash flow	-56,042	30,811
	Cash and cash equivalents at 1 January	69,005	38,194
19	Cash and cash equivalents at 31 December	12,963	69,005

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Aarstiderne A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

In accordance with the Danish Business Authority's clarification in May 2021, financial statement items regarding equity investments in associates have been renamed to equity investments in participating interests as the financial statement items must be designated as such when the entity only holds equity investments in associates.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Public grants

Public grants to cover expenses are recognised in the income statement when it is deemed likely that all grant criteria have been met. Grants which must be repaid under certain circumstances are recognised only where they are not expected to be repaid.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

Raw materials and consumables, etc.

Costs of raw materials, consumables and goods for resale comprise purchases for the year and the change in the inventory of raw materials, consumables and goods for resale.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/ depreciation

The item comprises amortisation/ depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

Amortisation is recognised in the income statement.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	3-5 years
Carbon instruments	1-3 years
Intellectual property rights and trademarks	3-20 years
Goodwill	20 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	5-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Profit/loss from investments in subsidiaries and participating interests

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

The item also includes dividend received from participating interests so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Profit from other investments that are fixed assets

The item includes dividend received from other investments.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over a period of 20 years or less, as this amortisation period is considered the best way to reflect the utility of the resources in question.

Other intangible assets comprise the IT platform, ongoing development projects, intellectual property rights and trademarks.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development projects regarding products and processes that are clearly defined and identifiable, where the technical utilisation degree, sufficient resources and a potential future market or development opportunities in the Company is evidenced, and where the Company intends to produce, market or use the project or the process in question, are recognised as intangible assets. Other development costs are recognised in the income statement when incurred.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development costs comprise costs, including salaries and travelling expenses that are directly and indirectly attributable to the development projects.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

The IT platform is measured at cost less accumulated amortisation and impairment. Cost comprises the acquisition price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Intellectual property rights and trademarks are measured at cost less accumulated amortisation and impairment. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases for property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are initially recognised in the balance sheet at the lower of fair value and the present value of the minimum lease payments. In calculating the present value of the minimum lease payments the discount factor is the interest rate implicit in the lease, if this is practicable to determine; if not, an approximation of this is used. Finance leases are subsequently treated as the Company's other fixed assets.

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments

Deposits, investments are measured at amortised costs.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Investments in subsidiaries and participating interests

Equity investments in subsidiaries are measured according to the equity method.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Investments in participating interests are measured at cost. Dividends received that exceed the accumulated earnings in the participating interest during the period of ownership are treated as a reduction in the cost of acquisition.

Other securities and investments

Investments not admitted to trading on an active market are measured at cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and participating interests is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the weighted average price. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Treasury shares

Purchases and sales of treasury shares are taken directly to equity under "Retained earnings".

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Prepayments received from customers

Prepayments from customers comprise payments received concerning income invoiced in the following year and deposits invoiced to customers/subscribers.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Segment information

The Company has not disclosed the breakdown of revenue by geographical and business segments, see section 96(1) of the Danish Financial Statements Act, as Management is of the opinion that its activities relate to one segment, as risks and returns on activities do not differ significantly.

DKK'000	2021	2020
3 Staff costs		
Wages/salaries	173,903	153,377
Pensions	14,344	12,763
Other social security costs	2,587	1,619
Staff costs transferred to non-current assets	-8,817	-6,194
	<u>182,017</u>	<u>161,565</u>
	<u>2021</u>	<u>2020</u>
Average number of full-time employees	<u>363</u>	<u>330</u>
Remuneration to members of Management:		
DKK'000	2021	2020
Executive Board	6,541	6,192
Board of Directors	500	500
	<u>7,041</u>	<u>6,692</u>
4 Tax for the year		
Estimated tax charge for the year	0	10,123
Deferred tax adjustments in the year	-1,992	150
Tax adjustments, prior years	-390	-80
	<u>-2,382</u>	<u>10,193</u>

In addition, tax on equity totals DKK 30 thousand (2020: DKK -46 thousand).

Financial statements 1 January - 31 December

Notes to the financial statements

5 Intangible assets

DKK'000	Completed development projects	Carbon instruments	Intellectual property rights and trademarks	Goodwill	Development projects in progress	Total
Cost at 1 January 2021	35,569	1,215	12,923	3,818	5,906	59,431
Additions in the year	12,711	0	0	0	1,174	13,885
Transfer from other accounts	5,906	0	0	0	-5,906	0
Cost at 31 December 2021	54,186	1,215	12,923	3,818	1,174	73,316
Impairment losses and amortisation at 1 January 2021	27,547	413	8,820	2,759	0	39,539
Amortisation/depreciation in the year	8,058	458	594	202	0	9,312
Impairment losses and amortisation at 31 December 2021	35,605	871	9,414	2,961	0	48,851
Carrying amount at 31 December 2021	18,581	344	3,509	857	1,174	24,465

Completed development projects

Completed development projects include:

- ▶ ERP and reporting tools, DKK 3,658 thousand
- ▶ Website and mobile app, DKK 11,807 thousand
- ▶ Concepts and other, DKK 3,116 thousand

6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2021	54,730	34,460	89,190
Additions in the year	3,961	12,617	16,578
Disposals in the year	-1,455	-3,459	-4,914
Cost at 31 December 2021	57,236	43,618	100,854
Impairment losses and depreciation at 1 January 2021	42,150	18,558	60,708
Depreciation in the year	5,209	3,343	8,552
Reversal of depreciation and impairment of disposals	-783	-2,557	-3,340
Impairment losses and depreciation at 31 December 2021	46,576	19,344	65,920
Carrying amount at 31 December 2021	10,660	24,274	34,934
Property, plant and equipment include finance leases with a carrying amount totalling	161	0	161

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK'000	Investments in group entities, net asset value	Participating interests	Other securities and investments	Deposits	Total
Cost at 1 January 2021	103	0	2,500	7,766	10,369
Additions in the year	2,585	50	0	1,743	4,378
Cost at 31 December 2021	2,688	50	2,500	9,509	14,747
Value adjustments at 1 January 2021	0	0	0	0	0
Share of the profit for the year	247	0	0	0	247
Impairment of goodwill	-88	0	0	0	-88
Value adjustments at 31 December 2021	159	0	0	0	159
Carrying amount at 31 December 2021	2,847	50	2,500	9,509	14,906

Name	Domicile	Interest
Subsidiaries		
Fælleshaverne A/S	Fredensborg	60.00%
Aarstidernes varme værksted ApS	Randers	55.00%

Name	Domicile	Interest
Participating interests		
Juelsmindehalvøens Solar A/S	Hedensted	2.50%

Name	Domicile
Other investments	
Planetary Impact Ventures A/S	Fredensborg

8 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and returnable packaging and boxes.

DKK'000	2021	2020
9 Share capital		
Analysis of the share capital:		
7,091,400 shares of DKK 1.00 nominal value each	7,091	7,091
	7,091	7,091

The Company's share capital has remained DKK 7,091 thousand over the past 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
10 Deferred tax		
Deferred tax at 1 January	3,208	3,184
Deferred tax adjustment in the year, profit and loss	-1,992	70
Deferred tax adjustment in the year, equity	30	-46
Deferred tax at 31 December	1,246	3,208
Deferred tax relates to:		
Intangible assets	5,181	3,650
Property, plant and equipment	-1,442	-1,671
Inventories	958	886
Receivables	246	166
Liabilities	-5	177
Tax loss	-3,692	0
	1,246	3,208

11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	182	53	129	0
Other payables	14,807	0	14,807	14,807
	14,989	53	14,936	14,807

12 Treasury shares

	Number	Nominal value DKK'000	Share of capital
Balance at 1 January 2021	78,740	79	1.11%
Sold in the year	-22,000	-22	-0.31%
Balance at 31 December 2021	56,740	57	0.80%

In accordance with a resolution passed at the general meeting of shareholders, the Company can acquire treasury shares at a maximum nominal value of DKK 100 thousand. The treasury shares were acquired in preparation of a co-worker incentive programme for the Company.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company has submitted a letter of support in favor of the subsidiary Fælleshaverne A/S, in which the Company declares that it will make the necessary liquidity available to ensure the ordinary daily operations, of the subsidiary, up to and including December 2022.

Other contingent liabilities

The Company is jointly taxed with its parent, Barritskov Holding ApS, which acts as management company, and has limited and secondary liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2021	2020
Rent and lease liabilities	61,986	35,215

The Company has entered into twelve leases for office space, warehouse, terminals and warehousing with a rent commitment for 2022-2030 of DKK 56,784 thousand (2020: DKK 30,285 thousand).

Operating lease commitments total DKK 5,202 thousand (2020: DKK 4,930 thousand).

14 Collateral

As security for the Company's debt to other credit institutions, the Company has placed assets or other items as security, worth a total of DKK 25,000 thousand. The total carrying amount of the assets having been put up as security is DKK 122,918 thousand. Breakdown of the security and the carrying amount:

Amounts owed to Sydbank are secured by a letter of indemnity, DKK 17,000 thousand (2020: DKK 17,000 thousand), secured trade receivables, stocks, operating equipment, goodwill and intellectual property rights.

The Company has issued letters of indemnity totaling DKK 8,000 thousand (2020: DKK 8,000 thousand) secured on fixtures and fittings, tools and equipment.

15 Related parties

Aarstiderne A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Thomas Harttung A/S	Hedensted	Majority shareholder

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Barritskov Holding ApS	Hedensted	At the Danish Business Authority
Thomas Harttung A/S	Hedensted	At the Danish Business Authority

Financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties (continued)

Related party transactions

In the year under review, no related party transactions that were not carried through on normal market terms took place.

All transactions have been carried out on an arm's length basis.

DKK'000	2021	2020
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Extraordinary dividend distributed in the year	8,777	30,669
Reserve for development costs	3,880	2,327
Retained earnings/accumulated loss	-15,633	3,869
	-2,976	36,865
17 Adjustments		
Amortisation/depreciation and impairment losses	17,864	17,595
Gain/loss on the sale of non-current assets	1,065	0
Income from investments in group entities	-159	137
Financial income	-625	-748
Financial expenses	853	753
Tax for the year	-2,382	10,193
	16,616	27,930
18 Changes in working capital		
Change in inventories	-9,219	-9,657
Change in receivables	-4,241	334
Change in trade and other payables	-9,431	27,596
	-22,891	18,273
19 Cash and cash equivalents at year-end		
Cash according to the balance sheet	12,963	69,005
	12,963	69,005

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Thomas Doering Slott

Executive Board

On behalf of: Aarstiderne A/S

Serial number: PID:9208-2002-2-371704967067

IP: 193.106.xxx.xxx

2022-06-29 10:32:07 UTC

NEM ID 

Philip Peter Nicholas Thestrup

Executive Board

On behalf of: Aarstiderne A/S

Serial number: PID:9208-2002-2-384870260266

IP: 193.106.xxx.xxx

2022-06-29 14:26:36 UTC

NEM ID 

Annette Hartvig Larsen

Executive Board

On behalf of: Aarstiderne A/S

Serial number: 42638a9c-fbbd-47c3-a16b-1c230e0e6b92

IP: 193.106.xxx.xxx

2022-06-29 14:55:59 UTC

Mit 

Simon Jarl Jacobsen

CFO

On behalf of: Aarstiderne A/S

Serial number: PID:9208-2002-2-200126225247

IP: 176.20.xxx.xxx

2022-06-29 19:51:45 UTC

NEM ID 

Thomas Hess-Nielsen

Employee representative

On behalf of: Aarstiderne A/S

Serial number: PID:9208-2002-2-134562859899

IP: 87.60.xxx.xxx

2022-06-29 20:01:04 UTC

NEM ID 

Søren Ejlersen

Board of Directors

On behalf of: Aarstiderne A/S

Serial number: 23ccd544-5f4c-4ae5-9fd2-643a0dd57f7d

IP: 37.96.xxx.xxx

2022-06-29 20:45:37 UTC

Mit 

Thomas Alexander North Harttung

Chairman

On behalf of: Aarstiderne A/S

Serial number: d01c86f0-bdc1-47a5-b3ee-72feadb5dd0f

IP: 94.147.xxx.xxx

2022-06-29 22:12:12 UTC

Mit 

Thomas Alexander North Harttung

Chair

On behalf of: Aarstiderne A/S

Serial number: d01c86f0-bdc1-47a5-b3ee-72feadb5dd0f

IP: 94.147.xxx.xxx

2022-06-29 22:12:12 UTC

Mit 

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Riëlla Hollander

Board of Directors

On behalf of: Aarstiderne A/S

Serial number: riella.hollander@triodos.com

IP: 109.38.xxx.xxx

2022-06-30 05:45:52 UTC



Mette Maix

Board of Directors

On behalf of: Aarstiderne A/S

Serial number: PID:9208-2002-2-592671033199

IP: 68.65.xxx.xxx

2022-06-30 12:24:25 UTC

NEM ID 

Tom Barreth Lassen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:1277382224436

IP: 145.62.xxx.xxx

2022-06-30 12:34:00 UTC

NEM ID 

Penneo document key: T5AFN-LOILO-NCAY4-B5G0J-L07H4-IDZ58

This document is digitally signed using Penneo.com. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service** <penneo@penneo.com>. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validate>