

Musholm A/S

Strandvejen 101, 4281 Goerlev

Company reg. no. 17 89 59 07

Annual report

1 April 2020 - 31 March 2021

The annual report was submitted and approved by the general meeting on the 12 July 2021.

Michael Budtz
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Musholm A/S for the financial year 1 April 2020 - 31 March 2021.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 March 2021, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 April 2020 – 31 March 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Goerlev, 9 July 2021

Managing Director

Niels Ebbe Dalsgaard
CEO

Board of directors

Michael Budtz
Chairman

Niels Ebbe Dalsgaard

Yoichiro Takagi

Katja Nowak Nielsen

Independent auditor's report

To the shareholder of Musholm A/S

Opinion

We have audited the consolidated financial statements and the financial statements of Musholm A/S for the financial year 1 April 2020 to 31 March 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies, consolidated and of the company, respectively and consolidated statement of cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 March 2021 and of the results of the company's activities, consolidated and of the company, respectively and of consolidated cash flows for the financial year 1 April 2020 - 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and 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 consolidated financial statements and 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 company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 9 July 2021

Redmark

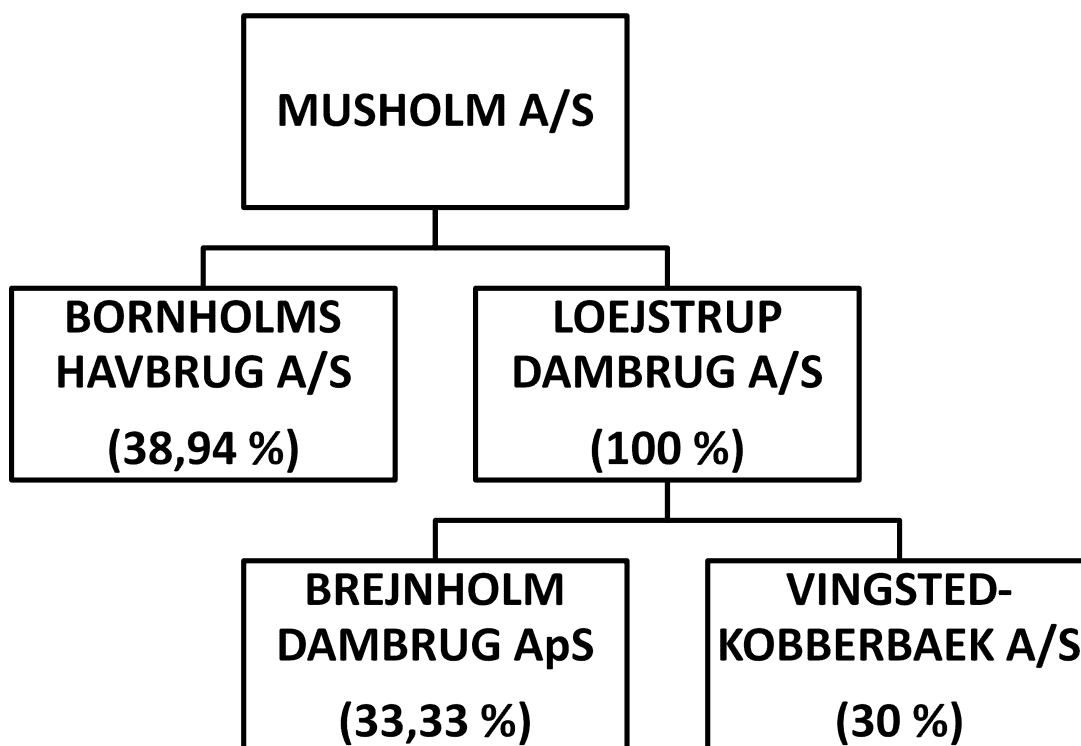
Statsautoriseret Revisionspartnerselskab
Company reg. no. 29 44 27 89

Anders Schelde-Møllerup Funder
State Authorised Public Accountant
mne30220

Company information

The company	Musholm A/S Strandvejen 101 4281 Goerlev
	Phone +45 58 85 90 07
	Company reg. no. 17 89 59 07
	Financial year: 1 April - 31 March 37th financial year
Board of directors	Michael Budtz, Chairman Niels Ebbe Dalsgaard Yoichiro Takagi Katja Nowak Nielsen
Managing Director	Niels Ebbe Dalsgaard, CEO
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Bankers	Spar Nord Bank A/S, Slotsvolden 7, 4300 Holbaek
Lawyer	Kromann Reumert Advokatfirma, Sundkrogsgade 5, 2100 Copenhagen
Parent company	Okamura Foods Co. Ltd.
Subsidiary	Loejstrup Dambrug A/S, Goerlev
Associated enterprises	Brejnholm Dambrug ApS, Toerring Bornholms Havbrug A/S, Nexoe Vingsted-Kobberbæk A/S, Bredsten

Group overview



Consolidated financial highlights

DKK in thousands.	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Income statement:					
Gross profit	65.953	60.294	74.365	55.943	37.507
Profit from operating activities	19.068	16.383	35.042	38.714	22.089
Net financials	-1.732	-1.589	-1.790	-1.575	-1.605
Net profit or loss for the year	13.453	11.574	25.934	28.964	16.024
Statement of financial position:					
Balance sheet total	195.674	196.315	196.930	136.916	108.558
Investments in tangible fixed assets	24.449	34.348	8.456	23.648	16.906
Equity	143.079	130.580	119.006	91.277	62.313
Cash flows:					
Operating activities	28.609	33.068	12.630	25.316	24.858
Investing activities	-25.354	-34.362	-8.358	-22.815	-17.129
Financing activities	-5.131	2.844	-5.737	-1.721	-3.662
Total cash flows	-1.876	1.551	-1.465	780	4.067
Employees:					
Average number of full-time employees	53	54	40	42	45
Key figures in %:					
Solvency ratio	73,1	66,0	60,0	66,3	57,2
Return on equity	9,9	9,3	24,5	37,5	29,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The accounting policy has in 2019/20 been changed. The changes relate to IFRS 15, IFRS 16 and IAS 41. No adjustments have been made for 2016/17 - 2017/18.

Financial highlights for the parent

DKK in thousands.	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Income statement:					
Gross profit	51.556	46.240	61.838	49.955	34.263
Profit from operating activities	18.352	14.572	32.488	36.678	21.092
Net financials	-954	209	152	10	-684
Net profit or loss for the year	13.436	11.488	25.577	28.697	15.998
Statement of financial position:					
Balance sheet total	172.920	161.212	172.700	126.807	99.950
Investments in tangible fixed assets	16.795	15.096	8.690	7.333	6.457
Equity	143.079	129.643	118.155	90.782	62.085
Employees:					
Average number of full-time employees	40	40	33	33	37
Key figures in %:					
Solvency ratio	82,7	80,4	68,4	71,6	62,1
Return on equity	9,9	9,3	24,5	37,5	29,6

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The accounting policy has in 2019/20 been changed. The changes relate to IFRS 15, IFRS 16 and IAS 41. No adjustments have been made for 2016/17 - 2017/18.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio
$$\frac{\text{Equity less non-controlling interests, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity
$$\frac{\text{*Profit} \times 100}{\text{Average equity exclusive of non-controlling interests}}$$

***Profit**
$$\text{Net profit or loss for the year less non-controlling interests' share hereof}$$

Management commentary

The principal activities of the group

Musholm A/S is an aquaculture company - farming, processing and selling trout and trout roe. The aquaculture activities are carried out at smolt stations in Jutland and sea farms in the Great Belt. The processing activities are taking place at factories in Reersoe and Korsoer.

Furthermore, the group is trading fish products from other Danish and foreign producers. Approx. 81% of the annual turnover came from export sales primarily to markets in Western and Eastern Europe and Southeast Asia.

Development in activities and financial matters

Musholm

The production and work conditions on the sea farms have been organized according to the authorities' guidelines for Covid-19 with best possible staffing. No applications for economic compensation from Covid-19 aid funds have been filed. The production was satisfactory despite the higher costs and lower efficiency due to Covid-19. The prices and demand on the markets for trout and roe was influenced by Covid-19. Sales was redirected in terms of markets and customer segments.

The overall positive result for the company group was approx. 13,5 million DKK after tax, which must be considered satisfactory and is close to the result outlined in the budget and in line with the forecasted result for 2021/21.

Investments for improvement of production, quality and environment of approx. 24,5 million DKK were made at landbased fish farms, sea farms, factory and freezing plant in order to continue the development of an economically and environmentally sustainable production of trout with ASC-certification according to the WWF-standards for responsible aquaculture. Musholm continues to develop the organic fish farming as well.

Loejstrup Dambrug A/S

Loejstrup Dambrug A/S is a subsidiary company of Musholm A/S and produces mainly trout eggs, juveniles and smolt to the mother company on landbased hatcheries and smolt stations. The production and work conditions on the landbased fish farms was organized according to the authorities' guidelines for Covid-19 with the best possible staffing. No applications for economic compensation from Covid-19 aid funds have been filed. The production was satisfactory. Loejstrup Dambrug A/S has realized a negative result of approx. 0,4 mill. dkk after tax which must be characterized as unsatisfactory. The result was not in line with the forecasted result for 2020/21 as there was expected a positive result.

Management commentary

General risks

The company group's risks can generally be divided into 4 categories that relate to aquaculture, processing, commercial and political conditions.

Aquaculture

Aquaculture with farming of trout at hatcheries, landbased fish farms and sea farms contains varying risks. Among the most significant challenges are disease, extreme weather conditions, breakdown of machinery, natural flora and fauna, biological conditions (growth, genetics, breeding, feed quality) and physical damages. These risks are all fundamental conditions in aquaculture and prevention of them are a part of the daily operations. Damages and losses can be partly covered by insurance agreements.

Processing

Processing involves risks related to quality at the same level as other food producers. To cover these risks work is being done with food safety, traceability and HACCP-procedures in the processing and the risks can to some extent be covered with insurances for product responsibility.

Commercial risks

Export sales of trout and roe is, among other things, challenged by debtor – and currency risks, technical trade barriers, price dumping of salmon and trout from foreign producers and changing international market conditions. Debtors can be credit insured and currency positions can be hedged with forward exchange transactions.

Political risks

Political risks include the especially restrictive Danish environmental regulations, which increase the cost level and limit the possibilities for development compared with competing producers in Europe, protectionism on foreign markets, political stability on foreign markets, mediacampaigns and misinformation about salmon and aquaculture.

Expected developments

Musholm A/S

A positive result is expected for the coming production year 2021/2022.

Loejstrup Dambrug A/S

A positive result is expected for the coming production year 2021/2022.

Events occurring after the end of the financial year

No events materially affecting the assessment of the annual report have occurred after the balance sheet day.

Income statement 1 April - 31 March

All amounts in DKK.

Note	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
Gross profit	65.953.406	60.294.467	51.555.879	46.240.294
1 Staff costs	-34.509.891	-31.028.306	-26.579.478	-23.938.654
Depreciation, amortisation, and impairment	-12.283.085	-12.377.124	-6.617.227	-7.183.343
Other operating costs	-92.231	-506.201	-6.828	-546.215
Operating profit	19.068.199	16.382.836	18.352.346	14.572.082
Income from equity investments in group enterprises	0	0	-378.878	415.775
Income from equity investments in associates	149.934	368.324	-35.000	-48.000
Other financial income from group enterprises	0	0	467.731	943.475
Other financial income	78.012	165.128	37.947	156.100
Profit/loss on sale of financial assets	-15.111	0	0	0
Other financial costs	-1.944.762	-2.122.808	-1.046.023	-1.258.617
Pre-tax net profit or loss	17.336.272	14.793.480	17.398.123	14.780.815
2 Tax on net profit or loss for the year	-3.883.400	-3.219.419	-3.961.725	-3.292.422
3 Net profit or loss for the year	13.452.872	11.574.061	13.436.398	11.488.393
Break-down of the consolidated profit or loss:				
Shareholders in Musholm A/S	13.436.398	11.488.393		
Non-controlling interests	16.474	85.668		
	13.452.872	11.574.061		

Statement of financial position at 31 March

All amounts in DKK.

Note	Group		Parent		
	2021	2020	2021	2020	
Assets					
Non-current assets					
4	Concessions, patents, licenses, trademarks, and similar rights acquired	3.098.783	3.120.601	161.338	201.590
	Total intangible assets	3.098.783	3.120.601	161.338	201.590
5	Property	27.299.624	26.737.789	12.418.903	12.983.032
6	Plant and machinery	66.109.144	78.047.418	31.338.463	34.272.353
7	Other fixtures and fittings, tools and equipment	1.267.677	2.160.314	561.564	414.439
8	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	15.362.813	1.682.460	13.542.244	0
	Total property, plant, and equipment	110.039.258	108.627.981	57.861.174	47.669.824
9	Equity investments in group enterprises	0	0	8.227.028	8.605.907
10	Equity investments in associates	3.505.691	2.905.646	0	0
	Total investments	3.505.691	2.905.646	8.227.028	8.605.907
	Total non-current assets	116.643.732	114.654.228	66.249.540	56.477.321

Statement of financial position at 31 March

All amounts in DKK.

Assets		Group		Parent	
		2021	2020	2021	2020
Note					
Current assets					
11	Inventory	60.285.484	60.794.267	30.182.514	25.672.960
	Total inventories	60.285.484	60.794.267	30.182.514	25.672.960
	Trade receivables	7.868.588	8.983.677	7.504.448	7.542.832
	Receivables from group enterprises	0	0	63.090.184	62.233.892
	Receivables from associates	1.659.623	1.148.726	157.528	1.148.726
	Tax receivables from group enterprises	0	0	0	23.193
	Other receivables	3.364.615	2.718.360	284.712	547.161
12	Prepayments and accrued income	2.489.033	2.776.336	2.372.154	2.540.336
	Total receivables	15.381.859	15.627.099	73.409.026	74.036.140
	Cash on hand and demand deposits	3.363.117	5.239.170	3.079.014	5.025.896
	Total current assets	79.030.460	81.660.536	106.670.554	104.734.996
	Total assets	195.674.192	196.314.764	172.920.094	161.212.317

Statement of financial position at 31 March

All amounts in DKK.

Equity and liabilities		Group		Parent	
		2021	2020	2021	2020
Note					
Equity					
13	Contributed capital	714.000	714.000	714.000	714.000
	Reserve for net revaluation according to the equity method	1.135.730	1.285.796	6.339.028	6.752.907
	Retained earnings	141.229.680	127.643.216	136.026.383	122.176.106
	Equity before non-controlling interest.	143.079.410	129.643.012	143.079.411	129.643.013
	Non-controlling interests	0	937.009	0	0
	Total equity	143.079.410	130.580.021	143.079.411	129.643.013
Provisions					
14	Provisions for deferred tax	6.936.743	6.428.689	2.899.257	2.664.662
	Total provisions	6.936.743	6.428.689	2.899.257	2.664.662
Liabilities other than provisions					
	Mortgage loans	9.753.143	10.549.669	2.713.200	2.909.343
	Other mortgage loans	4.631.187	3.995.888	0	0
	Bank loans	2.333.600	4.667.200	2.333.600	4.667.200
	Lease liabilities	8.355.862	18.689.997	6.965.041	6.035.285
	Other payables	1.708.761	2.070.580	1.253.518	1.688.095
15	Total long term liabilities other than provisions	26.782.553	39.973.334	13.265.359	15.299.923

Statement of financial position at 31 March

All amounts in DKK.

		Group		Parent	
		2021	2020	2021	2020
Equity and liabilities					
<u>Note</u>					
15	Current portion of long term payables	4.812.400	6.020.893	2.764.340	3.385.291
	Bank loans	140	783.180	140	254
	Trade payables	10.600.538	8.333.412	7.477.665	5.856.681
	Income tax payable	10.138	1.552.707	10.138	1.552.707
	Income tax payable to group enterprises	0	0	596.794	855.558
	Other payables	<u>3.452.270</u>	<u>2.642.528</u>	<u>2.826.990</u>	<u>1.954.228</u>
	Total short term liabilities other than provisions	<u>18.875.486</u>	<u>19.332.720</u>	<u>13.676.067</u>	<u>13.604.719</u>
	Total liabilities other than provisions	<u>45.658.039</u>	<u>59.306.054</u>	<u>26.941.426</u>	<u>28.904.642</u>
	Total equity and liabilities	<u>195.674.192</u>	<u>196.314.764</u>	<u>172.920.094</u>	<u>161.212.317</u>
16	Charges and security				
17	Contingencies				
18	Related parties				

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Non-controlling interests	Total
Equity 1 April					
2020	714.000	1.285.796	127.643.216	937.009	130.580.021
Share of results	0	149.934	13.586.464	0	13.736.398
Dividend from associated company	0	-300.000	0	0	-300.000
Minority interests	0	0	0	16.474	16.474
Minority interests - recognized as associate	0	0	0	-953.483	-953.483
	714.000	1.135.730	141.229.680	0	143.079.410

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 1 April 2020	714.000	6.752.907	122.176.106	129.643.013
Share of results	0	-413.879	13.850.277	13.436.398
	714.000	6.339.028	136.026.383	143.079.411

Statement of cash flows 1 April - 31 March

All amounts in DKK.

Note	Group	
	2020/21	2019/20
Net profit or loss for the year	13.452.872	11.574.061
19 Adjustments	17.806.181	17.758.541
20 Change in working capital	3.469.072	11.755.298
Cash flows from operating activities before net financials	34.728.125	41.087.900
Interest received, etc.	78.012	165.128
Interest paid, etc.	-1.944.762	-1.458.722
Cash flows from ordinary activities	32.861.375	39.794.306
Income tax paid	-4.716.707	-7.390.324
Adjustments for lease interests	464.345	664.086
Cash flows from operating activities	28.609.013	33.068.068
Purchase of intangible assets	-209.928	-209.928
Purchase of property, plant, and equipment	-24.448.895	-34.348.098
Sale of property, plant, and equipment	20.000	136.175
Sale of enterprise - minority adjustment	-980.652	0
Dividend received from associates	300.000	108.000
Other cash flows from (spent on) investment activities	-35.000	-48.000
Cash flows from investment activities	-25.354.475	-34.361.851
Increase/repayment of debt	-4.396.114	5.311.346
Lease payments	-734.477	-2.466.851
Cash flow from financing activities	-5.130.591	2.844.495
Change in cash and cash equivalents	-1.876.053	1.550.712
Cash and cash equivalents at 1 April 2020	5.239.170	3.688.458
Cash and cash equivalents at 31 March 2021	3.363.117	5.239.170
Cash and cash equivalents		
Cash on hand and demand deposits	3.363.117	5.239.170
Cash and cash equivalents at 31 March 2021	3.363.117	5.239.170

Notes

All amounts in DKK.

	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
1. Staff costs				
Salaries and wages	31.405.515	28.182.297	24.181.426	21.661.244
Pension costs	2.324.848	2.127.420	1.815.102	1.700.162
Other costs for social security	779.528	718.589	582.950	577.248
	34.509.891	31.028.306	26.579.478	23.938.654
Average number of employees	53	54	40	40
	Group		Parent	
	2020/21	2019/20	2020/21	2019/20
2. Tax on net profit or loss for the year				
Tax of the results for the year	3.197.737	3.716.707	3.727.130	4.549.072
Adjustment for the year of deferred tax	685.663	-497.288	234.595	-1.256.650
	3.883.400	3.219.419	3.961.725	3.292.422
			Parent	
			2020/21	2019/20
3. Proposed appropriation of net profit				
Reserves for net revaluation according to the equity method			-413.879	367.775
Transferred to retained earnings			13.850.277	11.120.618
Total allocations and transfers			13.436.398	11.488.393

Notes

All amounts in DKK.

	Group		Parent	
	<u>31/3 2021</u>	<u>31/3 2020</u>	<u>31/3 2021</u>	<u>31/3 2020</u>
4. Concessions, patents, licenses, trademarks, and similar rights acquired				
Cost 1 April 2020	8.673.141	8.463.213	4.948.213	4.948.213
Additions during the year	<u>209.928</u>	<u>209.928</u>	<u>0</u>	<u>0</u>
Cost 31 March 2021	<u>8.883.069</u>	<u>8.673.141</u>	<u>4.948.213</u>	<u>4.948.213</u>
Amortisation and writedown 1 April 2020	-5.552.540	-5.158.367	-4.746.623	-4.528.200
Amortisation for the year	<u>-231.746</u>	<u>-394.173</u>	<u>-40.252</u>	<u>-218.423</u>
Amortisation and writedown 31 March 2021	<u>-5.784.286</u>	<u>-5.552.540</u>	<u>-4.786.875</u>	<u>-4.746.623</u>
Carrying amount, 31 March 2021	<u>3.098.783</u>	<u>3.120.601</u>	<u>161.338</u>	<u>201.590</u>

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
5. Property				
Cost 1 April 2020	42.884.269	33.842.031	26.612.696	25.450.079
Additions during the year	1.790.016	18.694.231	167.850	10.814.611
Disposals during the year	0	-9.651.993	0	-9.651.993
Cost 31 March 2021	44.674.285	42.884.269	26.780.546	26.612.697
Depreciation and writedown 1 April 2020	-16.146.480	-16.100.939	-13.629.665	-14.036.175
Depreciation for the year	-1.228.181	-1.403.219	-731.978	-951.168
Reversal of depreciation, amortisation and writedown, assets disposed of	0	1.357.678	0	1.357.678
Depreciation and writedown 31 March 2021	-17.374.661	-16.146.480	-14.361.643	-13.629.665
Carrying amount, 31 March 2021	27.299.624	26.737.789	12.418.903	12.983.032
Right of use assets (financial leases) depreciation for the year	37.176	566.477	37.176	566.477
Right of use assets (financial lease) are recognised at a carrying amount of	260.248	297.424	260.248	297.424

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
6. Plant and machinery				
Cost 1 April 2020	141.272.040	126.480.030	77.177.010	73.562.983
Disposals concerning company transfer	-10.919.824	0	0	0
Additions during the year	9.277.781	15.291.793	2.756.730	4.113.810
Disposals during the year	-5.667.647	-499.783	-2.953.333	-499.783
Cost 31 March 2021	133.962.350	141.272.040	76.980.407	77.177.010
Revaluation 1 April 2020	1.800.000	1.800.000	0	0
Revaluation 31 March 2021	1.800.000	1.800.000	0	0
Depreciation and writedown 1 April 2020	-65.024.622	-55.777.293	-42.904.657	-37.743.393
Depreciation on and writedown of additions concerning company transfer	2.350.336	0	0	0
Depreciation for the year	-10.083.181	-9.656.976	-5.663.792	-5.570.911
Reversal of depreciation, amortisation and writedown, assets disposed of	3.104.261	409.647	2.926.505	409.647
Depreciation and writedown 31 March 2021	-69.653.206	-65.024.622	-45.641.944	-42.904.657
Carrying amount, 31 March 2021	66.109.144	78.047.418	31.338.463	34.272.353
Right of use assets (financial leases) depreciation for the year	1.066.880	1.083.630	246.514	229.513
Right of use assets (financial leases) are recognised at a carrying amount of	8.276.548	18.786.592	6.735.516	5.957.028

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
7. Other fixtures and fittings, tools and equipment				
Cost 1 April 2020	8.291.011	9.112.073	3.946.591	5.522.971
Disposals concerning company transfer	-1.527.299	0	0	0
Additions during the year	738.685	964.378	328.330	167.900
Disposals during the year	-191.359	-1.785.440	-135.414	-1.744.280
Cost 31 March 2021	7.311.038	8.291.011	4.139.507	3.946.591
Depreciation and writedown 1 April 2020	-6.130.697	-6.330.434	-3.532.152	-4.205.630
Depreciation on and writedown of additions concerning company transfer	691.899	0	0	0
Depreciation for the year	-739.977	-922.764	-181.205	-442.841
Reversal of depreciation, amortisation and writedown, assets disposed of	135.414	1.122.501	135.414	1.116.319
Depreciation and writedown 31 March 2021	-6.043.361	-6.130.697	-3.577.943	-3.532.152
Carrying amount, 31 March 2021	1.267.677	2.160.314	561.564	414.439
Right of use assets (financial leases) depreciation for the year	82.482	86.153	0	0
Right of use assets (financial leases) are recognised at a carrying amount of	0	457.377	0	0

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
8. Property, plant, and equipment under construction including pre-payments for property, plant, and equipment				
Cost 1 April 2020	1.682.460	183.700	0	0
Additions during the year	15.179.113	1.498.760	13.542.244	0
Disposals during the year	-1.498.760	0	0	0
Cost 31 March 2021	15.362.813	1.682.460	13.542.244	0
Carrying amount, 31 March 2021	15.362.813	1.682.460	13.542.244	0

	Parent	
	31/3 2021	31/3 2020
9. Equity investments in group enterprises		
Acquisition sum, opening balance 1 April 2020	500.000	500.000
Cost 31 March 2021	500.000	500.000
Revaluations, opening balance 1 April 2020	8.105.906	7.690.132
Results for the year	-378.878	415.775
Revaluation 31 March 2021	7.727.028	8.105.907
Carrying amount, 31 March 2021	8.227.028	8.605.907

Group enterprises:

	Domicile	Equity interest
Loejstrup Dambrug A/S	Goerlev	100 %

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
10. Equity investments in associates				
Acquisition sum, opening balance 1 April 2020	1.006.850	1.006.850	740.000	740.000
Additions during the year	715.111	0	0	0
Cost 31 March 2021	1.721.961	1.006.850	740.000	740.000
Revaluation, opening balance 1 April 2020	1.285.796	1.025.472	-1.353.000	-1.305.000
Results for the year before goodwill amortisation	149.934	368.324	-35.000	-48.000
Dividend	-300.000	-108.000	0	0
Revaluation 31 March 2021	1.135.730	1.285.796	-1.388.000	-1.353.000
Offsetting against debtors	648.000	613.000	648.000	613.000
Set off against debtors and provisions for liabilities	648.000	613.000	648.000	613.000
Carrying amount, 31 March 2021	3.505.691	2.905.646	0	0
Associated enterprises:				
			Domicile	Equity interest
Brejnholm Dambrug ApS			Toerring	33,33 %
Bornholms Havbrug A/S			Nexoe	38,94 %
Vingsted-Kobberbæk A/S			Bredsten	30 %
11. Inventory				
Raw materials and consumables	895.412	674.133	148.296	0
Indirect production cost concerning fish production	4.134.632	5.103.322	4.134.632	5.103.322
Produced and purchased trade goods	25.899.586	20.569.638	25.899.586	20.569.638
Biological assets	29.355.854	34.447.174	0	0
	60.285.484	60.794.267	30.182.514	25.672.960

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
12. Prepayments and accrued income				
Other prepayments	985.033	1.194.336	868.154	958.336
Prepaid tax	1.504.000	1.582.000	1.504.000	1.582.000
	2.489.033	2.776.336	2.372.154	2.540.336

13. Contributed capital

Contributed capital 1 April 2020	714.000	714.000	714.000	714.000
	714.000	714.000	714.000	714.000

The share capital consists of 714,000 shares, each with a nominal value of DKK 1.00. No shares hold particular rights.

	Group		Parent	
	31/3 2021	31/3 2020	31/3 2021	31/3 2020
14. Provisions for deferred tax				
Provisions for deferred tax 1 April 2020	6.428.689	6.925.977	2.664.662	3.921.312
Deferred tax of the results for the year	709.262	-497.288	234.595	-1.256.650
Deferred tax recognised directly in equity	-201.208	0	0	0
	6.936.743	6.428.689	2.899.257	2.664.662

The following items are subject to deferred tax:

Intangible assets	534.516	461.944	35.494	44.350
Property, plant, and equipment	5.368.222	7.811.188	3.733.045	3.746.746
Current assets	3.000.805	2.579.520	723.539	289.072
Liabilities	-1.966.800	-4.423.963	-1.592.821	-1.415.506
	6.936.743	6.428.689	2.899.257	2.664.662

Notes

All amounts in DKK.

15. Liabilities other than provision

Group	Total payables 31 Mar 2021	Current portion of long term payables	Long term payables 31 Mar 2021	Outstanding payables after 5 years
Mortgage loans	10.549.665	796.522	9.753.143	6.645.358
Other mortgage loans	5.875.886	1.244.699	4.631.187	752.778
Bank loans	4.667.200	2.333.600	2.333.600	0
Lease liabilities	8.793.441	437.579	8.355.862	6.757.041
Other payables	1.708.761	0	1.708.761	0
	31.594.953	4.812.400	26.782.553	14.155.177
Parent				
Mortgage loans	2.909.342	196.142	2.713.200	1.932.379
Bank loans	4.667.200	2.333.600	2.333.600	0
Lease liabilities	7.199.639	234.598	6.965.041	5.986.891
Other payables	1.253.518	0	1.253.518	0
	16.029.699	2.764.340	13.265.359	7.919.270

16. Charges and security

Spar Nord Bank A/S has, as collateral for all debt with the parent company (Musholm A/S), received a letter of indemnity (business mortgages) nom. TDKK 30.000.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 5.848 in feeding fleet Niels Bjoern, which under production equipment has a book value of TDKK 2.488.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a mortgage deed nom. TDKK 11.000 with pledge in buildings on cadastre no. 90b Reersoe By, which has a book value of TDKK 4.114.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.358 in feeding fleet Thor Anton, which under production equipment has a book value of TDKK 875.

Notes

All amounts in DKK.

16. Charges and security (continued)

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.000 with pledge in leasehold rights in buildings on leased land cadastre no. 90b Reersoe By.

Spar Nord Bank A/S has, as collateral for debt concerning the parent company (Musholm A/S), received a letter of indemnity nom. TDKK 4.000 in working boat Mari, which under production equipment has a book value of TDKK 2.463.

Spar Nord Bank A/S has as security for the consolidated debt received letter of indemnity nom. 6.500 thousand secured by property registration number 5a Leojstrup HGD which represent a book value of TDKK 2.469 at 31 March 2021.

As security for mortgage debt is given a pledge in buildings and smolt stations (group), which has a book value of DKK 8.179.

17. Contingencies

Contingent liabilities

The group has provided suretyship for Vingsted-Kobberbaek A/S in respect of all accounts with Spar Nord Bank A/S. The company has also submitted a statement of support towards Loejstrup Dambrug A/S in terms of making the necessary liquidity available for the implementation of the subsidiary's operating and investing activities so far to the end of March 2022.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Notes

All amounts in DKK.

18. Related parties

Transactions

According to the Danish Financial Statements Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

	Group	
	<u>2020/21</u>	<u>2019/20</u>
19. Adjustments		
Depreciation, amortisation, and impairment	12.283.085	12.377.124
Profit from disposal of non-current assets	-92.231	751.507
Income from equity investments in associates	-149.934	-368.324
Other financial income	-78.012	-165.128
Other financial costs	1.944.762	2.122.808
Tax on net profit or loss for the year	3.883.400	3.219.419
Loss on sale of financial assets	15.111	0
Other adjustments	0	-178.865
	<u>17.806.181</u>	<u>17.758.541</u>

	Group	
	<u>2020/21</u>	<u>2019/20</u>
20. Change in working capital		
Change in inventories	508.783	9.191.672
Change in receivables	245.240	8.516.975
Change in trade payables and other payables	2.715.049	-5.953.349
	<u>3.469.072</u>	<u>11.755.298</u>

Accounting policies

The annual report for Musholm A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets and other non-monetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

The consolidated financial statements

The consolidated income statements comprise the parent company Musholm A/S and those group enterprises of which Musholm A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Accounting policies

The enterprise will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

The revenue is recognised when the control of the identifiable individual performance obligations has been performed in respect of the customer whereby the customer gains control of the asset or the service. Sales remunerations are allocated proportionally to the individual performance obligations in the agreement.

Revenue from service contracts is recognised on a linear basis over the period during which the service is performed.

Revenue is measured at fair value of agreed remunerations, less VAT and expenses. All forms of discount are recognised in revenue.

Revenue from contracts, including variable considerations such as quantity discounts and performance-related payments are recognised at the most probable consideration value. Revenue is not recognised until it is deemed most likely that changes in the estimated variable consideration will not subsequently result in the reversal of a material part of the amount, thus reducing revenue.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises and loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Results from equity investments in group enterprises and associates

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the individual associates are recognised in the income statement of both the group and the parent as a proportional share of the associate' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Farming licenses and rights

Farming licenses and rights are measured at cost with deduction of accrued amortisation. Farming licenses and rights are amortised on a straight line basis over 20 years.

Farming licenses and rights are without any time limit and depreciation is therefore according to maximum of useful life.

Accounting policies

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Accounting policies

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Right-of-use assets

The enterprise will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the enterprise has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the enterprise's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the enterprise expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the enterprise's borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:

- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises og associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity in group enterprises and associates

Equity in group enterprises and associates are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises and associates recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Equity in group enterprises and associates with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associates are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises and associates.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Inventories

Raw materials and auxiliaries are measured at cost.

Accounting policies

Works in progress and manufactured goods are measured at cost comprising costs of raw materials and auxiliaries with the addition of production costs as well as other costs that can directly or indirectly be attributed to the produced goods.

Trade goods are measured at cost or net realization value if this is lower.

Biological assets (biomass)

IAS 41 requires biomass to be accounted for at the estimated fair value net of sales costs and harvesting costs. The calculation of the estimated fair value is based on market prices for harvested fish. In the accounts, the change in estimated fair value is entered to the income statement on a continuous basis.

The group's biological assets are trouts at all stages of the life cycle. The fish is divided into two main groups, depending on the stage of the life cycle. The first group is fish produced on land in fresh water. The second is, when the fish is released to sea.

For the first group, historical cost is deemed a reasonable approach to fair value, as there is little biological transformation. This assessment must be seen in the light of the fact that smolts are currently released to sea at a stage, when their weight is still relatively low.

For the second group, the fair value is calculated by applying a present value model at level 3 in the fair value hierarchy in IFRS 13 using the principle "highest and best use" in IFRS 13.

The valuation model

The valuation model calculates the net present value of expected cash flow from biological assets.

Changes to estimated fair value of biological assets are presented on the line Fair value adjustments of biological assets in the Income Statement.

The measurement unit is the individual fish.

Main components in the model are: Volume, Production costs, Sales price and Discount rate.

Volume

Estimated harvest volume is based on the actual number of fish in the sea on the balance sheet date, minus estimated future mortality from balance sheet date and multiplied by optimal harvest weight per fish.

Cost

Estimated future costs are based on the Group's prognoses per locality. Cost comprises mainly feed-, production-, harvest- and transport costs.

Price

Estimated prices are based on externally quoted prices from Fish Pool.

Accounting policies

Fish Pool is a market place for financial purchase and sale agreements for superior Norwegian salmon size 3 – 6 kg gutted weight. The volume on Fish Pool is however limited. This market may therefore be considered insufficiently active and effective. Despite this, Musholm A/S Group's opinion is that the observable forward prices must be seen as the best approach to a price for the sale of salmon for initially to be insufficiently active and effective. To further qualify the estimated prices for the forward prices of trout the relation to the forward salmon price of Fish Pool is adjusted with relation to the official price data from Norsk Sjømat Råd and official price data from Danmarks Statistik.

The prices are reduced for harvesting costs, freight costs to market to arrive at a net value back-to-farm. The valuation also reflects the expected quality grading.

Discounts

The estimated future cash flow is discounted. The discount rate at 31 March 2021 is estimated to be 6%. The discount rate takes into account a risk adjustment and time value. The risk adjustment takes into account the volatility in volume, cost and price.

Mortality

Mortality above normal will be accounted for, when a farming site either experiences elevated mortality over time or mortality due to an incident.

Costs related to abnormal mortality will be recognized in the Income Statement and presented on the line for changes in inventory, while normal mortality is classified as part of production costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

As administration company, Musholm A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

The group enters into sales contract for trouts etc. on an on-going basis. The contracts involve physical settlement, and deliveries associated with the contracts, form part of the group's normal business activities. The contracts contain no built-in derivative elements.

With respect to fixed-price contracts, which results in the group being obligated to sell trouts etc. at a price less than production cost (including fair value adjustment of raw materials at the point of harvesting), the contracts are considered onerous, and provisions are calculated and entered to the statement of financial position. The provision is charged to the Income Statement.

Liabilities other than provisions

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Accounting policies

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.