Musholm A/S

Strandvejen 101, 4281 Goerlev

Company reg. no. 17 89 59 07

Annual report

1 April 2021 - 31 March 2022

The annual report was submitted and approved by the general meeting on the 4 July 2022.

Michael Budtz
Chairman of the meeting

Contents

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 statement

Today, the Board of Directors and the Managing Director have approved the annual report of Musholm A/S for the financial year 1 April 2021 - 31 March 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 April 2021 – 31 March 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Goerlev, 4 July 2022

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 parent company financial statements of Musholm A/S for the financial year 1 April 2021 to 31 March 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 March 2022, and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 April 2021 - 31 March 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group´s and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements 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 Financial Statements and the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the 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 parent company 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 4 July 2022

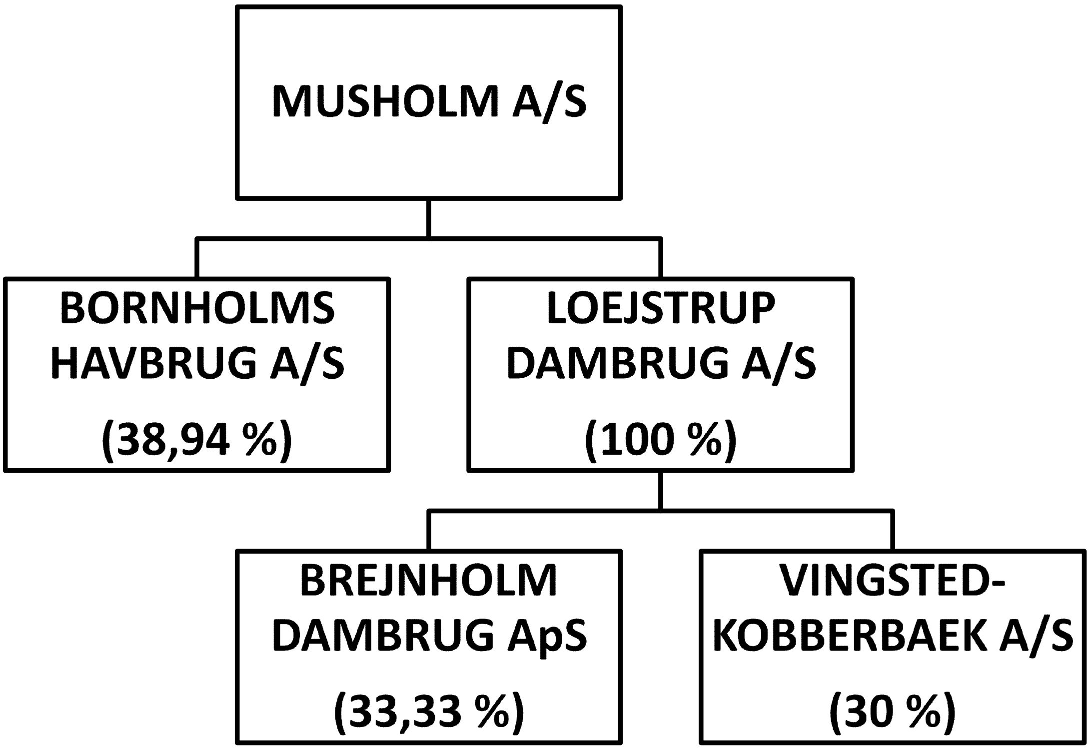
Redmark
Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Anders Schelde-Mollerup 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 38th financial year
Board of directors	Michael Budtz, Chairman Niels Ebbe Dalsgaard Yoichiro Takagi Katja Nowak Nielsen	
Managing Director	Niels Ebbe Dalsgaard, CEO	
Auditors	Redmark Godkendt 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	
Participating interests	Brejnholm Dambrug ApS, Toerring Bornholms Havbrug A/S, Nexoe Vingsted-Kobberbaek A/S, Bredsten	

Group overview



Consolidated financial highlights

DKK in thousands.	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement:					
Gross profit	83.613	65.953	60.294	74.365	55.943
Profit from operating activities	37.088	19.068	16.383	35.042	38.714
Net financials	-1.483	-1.732	-1.589	-1.790	-1.575
Net profit or loss for the year	27.810	13.453	11.574	25.934	28.964
Statement of financial position:					
Balance sheet total	237.285	195.674	196.315	196.930	136.916
Investments in tangible fixed assets	38.059	24.449	34.348	8.456	23.648
Equity	170.890	143.079	130.580	119.006	91.277
Cash flows:					
Operating activities	25.904	28.574	33.068	12.630	25.316
Investing activities	-38.040	-25.319	-34.362	-8.358	-22.815
Financing activities	8.796	-5.131	2.844	-5.737	-1.721
Total cash flows	-3.340	-1.876	1.551	-1.465	780
Employees:					
Average number of full-time employees	51	53	54	40	42
Key figures in %:					
Solvency ratio	72,0	73,1	66,0	60,0	66,3
Return on equity	17,7	9,9	9,3	24,5	37,5

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 2017/18.

Financial highlights for the parent

DKK in thousands.	2021/22	2020/21	2019/20	2018/19	2017/18
Income statement:					
Gross profit	70.598	51.556	46.240	61.838	49.955
Profit from operating activities	35.680	18.352	14.572	32.488	36.678
Net financials	18	-954	209	152	10
Net profit or loss for the year	27.810	13.436	11.488	25.577	28.697
Statement of financial position:					
Balance sheet total	208.827	172.920	161.212	172.700	126.807
Investments in tangible fixed assets	32.019	16.795	15.096	8.690	7.333
Equity	170.890	143.079	129.643	118.155	90.782
Employees:					
Average number of full-time employees	40	40	40	33	33
Key figures in %:					
Solvency ratio	81,8	82,7	80,4	68,4	71,6
Return on equity	17,7	9,9	9,3	24,5	37,5

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 2017/18.

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

Solvency ratio

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

Return on equity

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

***Profit**

Net profit or loss for the year less non-controlling interests' share hereof

Management´s review

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.

Loejstrup Dambrug A/S is a subsidiary company of Musholm A/S and produces mainly trout eggs, juveniles and smolt to the parent company on land based hatcheries and smolt stations.

Furthermore, the group is trading fish products from other Danish and foreign producers.

Uncertainties about recognition or measurement

There are no significant uncertainty regarding recognition and measurement.

Development in activities and financial matters

The production for the parent company as well as the group was satisfactory. The demand for sea farmed trout and roe was better than expected.

The group has realized a gross profit of 83.6 million DKK compared to last year 65.9 million DKK which is an increase of 27 %. 81 % of the annual turnover came from export sales primarily to markets in Western and Eastern Europe and Southeast Asia.

The overall positive result for the group was 27.8 million DKK after tax, which is considered very satisfactory. Hereof, Loejstrup Dambrug A/S has realized a positive result of 0.1 mill. dkk after tax which must be characterized as satisfactory.

Investments on the sea and land based aquaculture and processing facilities were approx. 38 million DKK with focus on quality, competiveness and environmentally sustainable production of trout with ASC-certification according to the WWF-standards for responsible aquaculture. The group continues to develop the organic and conventional fish farming as well.

The negative consequences of the war in Ukraine and the subsequent food and commodity crisis, high inflation and general global geopolitical uncertainty in many areas have occurred at the end of the financial period and have not significantly affected the result for 2021/22.

General risks

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

Management´s review

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, media campaigns and misinformation about trout and aquaculture.

Expected developments

The group expects a positive result for 2022/23 that is slightly less than 2021/22. However, the increased uncertainty of supply, cost, inflation and markets for sea farmed trout and trout roe might influence the future operations and the related result.

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 2021/22	Group 2020/21	Parent 2021/22	Parent 2020/21
	Gross profit	**83.612.859**	**65.953.406**	**70.598.405**	**51.555.879**
1	Staff costs	-33.509.696	-34.509.891	-26.856.936	-26.579.478
	Depreciation, amortisation, and impairment	-12.964.046	-12.283.085	-8.009.984	-6.617.227
	Other operating costs	-51.229	-92.231	-51.229	-6.828
	Operating profit	**37.087.888**	**19.068.199**	**35.680.256**	**18.352.346**
	Income from equity investments in subsidiaries	0	0	77.064	-378.878
	Income from investments in participating interest	346.483	149.934	-33.000	-35.000
	Other financial income from group enterprises	0	0	1.132.748	467.731
	Other financial income	36.765	78.012	35.653	37.947
	Profit/loss on sale of financial assets	0	-15.111	0	0
	Other financial expenses	-1.865.916	-1.944.762	-1.194.910	-1.046.023
	Pre-tax net profit or loss	**35.605.220**	**17.336.272**	**35.697.811**	**17.398.123**
2	Tax on net profit or loss for the year	-7.794.838	-3.883.400	-7.887.429	-3.961.725
3	**Net profit or loss for the year**	**27.810.382**	**13.452.872**	**27.810.382**	**13.436.398**
	Break-down of the consolidated profit or loss:				
	Shareholders in Musholm A/S	27.810.382	13.436.398		
	Non-controlling interests	0	16.474		
		27.810.382	**13.452.872**		

Balance sheet at 31 March

All amounts in DKK.

Note	Assets	Group 2022	Group 2021	Parent 2022	Parent 2021
	Non-current assets				
4	Concessions, patents, licenses, trademarks, and similar rights acquired	3.075.210	3.098.783	61.676	161.338
	Total intangible assets	3.075.210	3.098.783	61.676	161.338
5	Property	65.725.103	27.299.624	45.403.320	12.418.903
6	Plant and machinery	67.272.253	66.109.144	35.478.009	31.338.463
7	Other fixtures and fittings, tools and equipment	2.026.857	1.267.677	950.371	561.564
8	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	419.092	15.362.813	0	13.542.244
	Total property, plant, and equipment	135.443.305	110.039.258	81.831.700	57.861.174
9	Investments in subsidiaries	0	0	8.304.092	8.227.028
10	Investments in participating interests	3.685.174	3.505.691	0	0
	Total investments	3.685.174	3.505.691	8.304.092	8.227.028
	Total non-current assets	**142.203.689**	**116.643.732**	**90.197.468**	**66.249.540**

Balance sheet at 31 March

All amounts in DKK.

	Assets	Group		Parent	
Note		2022	2021	2022	2021
	Current assets				
11	Inventory	70.412.475	60.285.484	30.486.063	30.182.514
	Total inventories	70.412.475	60.285.484	30.486.063	30.182.514
	Trade receivables	11.765.354	7.868.588	10.867.154	4.353.808
	Receivables from group enterprises	5.783.061	0	73.065.114	66.240.824
	Receivables from participating interest	79.000	1.659.623	79.000	157.528
	Other receivables	4.717.258	3.364.615	1.905.104	284.712
12	Prepayments and accrued income	2.300.348	2.489.033	2.203.498	2.372.154
	Total receivables	24.645.021	15.381.859	88.119.870	73.409.026
	Cash on hand and demand deposits	23.320	3.363.117	23.320	3.079.014
	Total current assets	**95.080.816**	**79.030.460**	**118.629.253**	**106.670.554**
	Total assets	**237.284.505**	**195.674.192**	**208.826.721**	**172.920.094**

Balance sheet at 31 March

All amounts in DKK.

Note	Equity and liabilities	Group 2022	Group 2021	Parent 2022	Parent 2021
	Equity				
13	Contributed capital	714.000	714.000	714.000	714.000
	Reserve for net revaluation according to the equity method	1.282.213	1.135.730	6.383.092	6.339.028
	Retained earnings	168.893.580	141.229.681	163.792.701	136.026.383
	Total equity	**170.889.793**	**143.079.411**	**170.889.793**	**143.079.411**
	Provisions				
14	Provisions for deferred tax	7.981.981	6.936.743	3.372.136	2.899.257
	Total provisions	**7.981.981**	**6.936.743**	**3.372.136**	**2.899.257**
	Liabilities other than provisions				
	Mortgage loans	8.951.966	9.753.143	2.515.190	2.713.200
	Other mortgage loans	3.615.606	4.631.187	0	0
	Bank loans	5.692.500	2.333.600	3.300.000	2.333.600
	Lease liabilities	8.015.813	8.355.862	6.762.750	6.965.041
	Other payables	1.559.833	1.708.761	1.147.943	1.253.518
15	Total long term liabilities other than provisions	27.835.718	26.782.553	13.725.883	13.265.359

Balance sheet at 31 March

All amounts in DKK.

Equity and liabilities

Note		Group 2022	Group 2021	Parent 2022	Parent 2021
15	Current portion of long term liabilities	5.308.378	4.812.400	3.180.999	2.764.340
	Bank loans	7.466.861	140	3.792.071	140
	Trade payables	11.130.087	10.600.538	7.158.947	7.477.665
	Income tax payable	3.741.600	10.138	3.741.600	10.138
	Income tax payable to group enterprises	0	0	664.950	596.794
	Other payables	2.930.087	3.452.269	2.300.342	2.826.990
	Total short term liabilities other than provisions	30.577.013	18.875.485	20.838.909	13.676.067
	Total liabilities other than provisions	**58.412.731**	**45.658.038**	**34.564.792**	**26.941.426**
	Total equity and liabilities	**237.284.505**	**195.674.192**	**208.826.721**	**172.920.094**

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	Total
Equity 1 April 2021	714.000	1.135.730	141.229.681	143.079.411
Share of results	0	346.483	27.463.899	27.810.382
Dividend from participating interests	0	-200.000	200.000	0
	714.000	**1.282.213**	**168.893.580**	**170.889.793**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 April 2021	714.000	6.339.028	136.026.383	143.079.411
Share of results	0	44.064	27.766.318	27.810.382
	714.000	**6.383.092**	**163.792.701**	**170.889.793**

Statement of cash flows 1 April - 31 March

All amounts in DKK.

Note		Group 2021/22	2020/21
	Net profit or loss for the year	27.810.382	13.452.872
19	Adjustments	22.292.293	17.806.181
20	Change in working capital	-19.564.716	3.434.072
	Cash flows from operating activities before net financials	30.537.959	34.693.125
	Interest received, etc.	36.766	78.012
	Interest paid, etc.	-1.865.916	-1.944.762
	Cash flows from ordinary activities	28.708.809	32.826.375
	Income tax paid	-3.018.138	-4.716.707
	Adjustments for lease interests	213.429	464.345
	Cash flows from operating activities	**25.904.100**	**28.574.013**
	Purchase of intangible assets	-272.832	-209.928
	Purchase of property, plant, and equipment	-38.058.539	-24.448.895
	Sale of property, plant, and equipment	91.000	20.000
	Sale of enterprise - minority adjustment	0	-980.652
	Dividend received from participating interests	200.000	300.000
	Cash flows from investment activities	**-38.040.371**	**-25.319.475**
	Increase/repayment of debt	9.474.400	-4.396.114
	Lease payments	-677.926	-734.477
	Cash flows from investment activities	**8.796.474**	**-5.130.591**
	Change in cash and cash equivalents	**-3.339.797**	**-1.876.053**
	Cash and cash equivalents at 1 April 2021	3.363.117	5.239.170
	Cash and cash equivalents at 31 March 2022	**23.320**	**3.363.117**

	Cash and cash equivalents		
	Cash on hand and demand deposits	23.320	3.363.117
	Cash and cash equivalents at 31 March 2022	**23.320**	**3.363.117**

Notes

All amounts in DKK.

		Group 2021/22	Group 2020/21	Parent 2021/22	Parent 2020/21
1.	**Staff costs**				
	Salaries and wages	30.482.516	31.405.515	24.424.984	24.181.426
	Pension costs	2.241.505	2.324.848	1.814.475	1.815.102
	Other costs for social security	785.675	779.528	617.477	582.950
		33.509.696	**34.509.891**	**26.856.936**	**26.579.478**
	Executive board and board of directors	2.645.502	2.223.311	2.645.502	2.223.311
	Average number of employees	51	53	40	40

		Group 2021/22	Group 2020/21	Parent 2021/22	Parent 2020/21
2.	**Tax on net profit or loss for the year**				
	Tax of the results for the year	6.749.600	3.197.737	7.414.550	3.727.130
	Adjustment for the year of deferred tax	1.045.238	685.663	472.879	234.595
		7.794.838	**3.883.400**	**7.887.429**	**3.961.725**

		Parent 2021/22	Parent 2020/21
3.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	44.064	-413.879
	Transferred to retained earnings	27.766.318	13.850.277
	Total allocations and transfers	**27.810.382**	**13.436.398**

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
4.	**Concessions, patents, licenses, trademarks, and similar rights acquired**				
	Cost 1 April 2021	8.883.069	8.673.141	4.948.213	4.948.213
	Additions during the year	272.832	209.928	0	0
	Cost 31 March 2022	**9.155.901**	**8.883.069**	**4.948.213**	**4.948.213**
	Amortisation and writedown 1 April 2021	-5.784.286	-5.552.540	-4.786.875	-4.746.623
	Amortisation for the year	-296.405	-231.746	-99.662	-40.252
	Amortisation and writedown 31 March 2022	**-6.080.691**	**-5.784.286**	**-4.886.537**	**-4.786.875**
	Carrying amount, 31 March 2022	**3.075.210**	**3.098.783**	**61.676**	**161.338**

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
5.	**Property**				
	Cost 1 April 2021	44.674.285	42.884.269	26.780.546	26.612.696
	Additions during the year	31.840.159	1.790.016	27.498.393	167.850
	Disposals during the year	-48.689	0	-48.689	0
	Transfers	8.751.382	0	7.114.513	0
	Cost 31 March 2022	**85.217.137**	**44.674.285**	**61.344.763**	**26.780.546**
	Depreciation and writedown 1 April 2021	-17.374.661	-16.146.480	-14.361.643	-13.629.665
	Depreciation for the year	-2.166.062	-1.228.181	-1.628.489	-731.978
	Reversal of depreciation, amortisation and writedown, assets disposed of	48.689	0	48.689	0
	Depreciation and writedown 31 March 2022	**-19.492.034**	**-17.374.661**	**-15.941.443**	**-14.361.643**
	Carrying amount, 31 March 2022	**65.725.103**	**27.299.624**	**45.403.320**	**12.418.903**
	Right of use assets (financial leases) depreciation for the year	38.102	37.176	38.102	37.176
	Right of use assets (financial lease) are recognised at a carrying amount of	256.431	260.248	256.431	260.248

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
6.	**Plant and machinery**				
	Cost 1 April 2021	134.412.050	141.721.740	77.430.107	77.626.710
	Disposals concerning company transfer	0	-10.919.824	0	0
	Additions during the year	4.782.583	9.277.781	3.862.414	2.756.730
	Disposals during the year	-1.333.166	-5.667.647	-1.319.570	-2.953.333
	Transfers	6.427.731	0	6.427.731	0
	Cost 31 March 2022	**144.289.198**	**134.412.050**	**86.400.682**	**77.430.107**
	Revaluation 1 April 2021	1.800.000	1.800.000	0	0
	Revaluation 31 March 2022	**1.800.000**	**1.800.000**	**0**	**0**
	Depreciation and writedown 1 April 2021	-70.102.906	-65.474.322	-46.091.644	-43.354.357
	Depreciation on and writedown of additions concerning company transfer	0	2.350.336	0	0
	Depreciation for the year	-9.944.448	-10.083.181	-6.051.354	-5.663.792
	Reversal of depreciation, amortisation and writedown, assets disposed of	1.230.409	3.104.261	1.220.325	2.926.505
	Depreciation and writedown 31 March 2022	**-78.816.945**	**-70.102.906**	**-50.922.673**	**-46.091.644**
	Carrying amount, 31 March 2022	**67.272.253**	**66.109.144**	**35.478.009**	**31.338.463**
	Right of use assets (financial leases) depreciation for the year	502.708	1.066.880	265.247	246.514
	Right of use assets (financial leases) are recognised at a carrying amount of	7.894.444	8.276.548	6.485.169	6.735.516

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
7.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 April 2021	7.311.038	8.291.011	4.139.507	3.946.591
	Disposals concerning company transfer	0	-1.527.299	0	0
	Additions during the year	1.355.294	738.685	658.269	328.330
	Disposals during the year	-453.638	-191.359	-453.638	-135.414
	Cost 31 March 2022	**8.212.694**	**7.311.038**	**4.344.138**	**4.139.507**
	Depreciation and writedown 1 April 2021	-6.043.361	-6.130.697	-3.577.943	-3.532.152
	Depreciation on and writedown of additions concerning company transfer	0	691.899	0	0
	Depreciation for the year	-557.131	-739.977	-230.479	-181.205
	Reversal of depreciation, amortisation and writedown, assets disposed of	414.655	135.414	414.655	135.414
	Depreciation and writedown 31 March 2022	**-6.185.837**	**-6.043.361**	**-3.393.767**	**-3.577.943**
	Carrying amount, 31 March 2022	**2.026.857**	**1.267.677**	**950.371**	**561.564**
	Right of use assets (financial leases) depreciation for the year	0	82.482	0	0

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
8.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**				
	Cost 1 April 2021	15.362.813	1.682.460	13.542.244	0
	Additions during the year	235.392	15.179.113	0	13.542.244
	Disposals during the year	0	-1.498.760	0	0
	Transfers	-15.179.113	0	-13.542.244	0
	Cost 31 March 2022	**419.092**	**15.362.813**	**0**	**13.542.244**
	Carrying amount, 31 March 2022	**419.092**	**15.362.813**	**0**	**13.542.244**

		Parent	
		31/3 2022	31/3 2021
9.	**Investments in subsidiaries**		
	Acquisition sum, opening balance 1 April 2021	500.000	500.000
	Cost 31 March 2022	**500.000**	**500.000**
	Revaluations, opening balance 1 April 2021	7.727.028	8.105.906
	Results for the year	77.064	-378.878
	Revaluation 31 March 2022	**7.804.092**	**7.727.028**
	Carrying amount, 31 March 2022	**8.304.092**	**8.227.028**

Subsidiaries:

	Domicile	**Equity interest**
Loejstrup Dambrug A/S	Goerlev	100 %

Notes

All amounts in DKK.

		Group		Parent	
		31/3 2022	31/3 2021	31/3 2022	31/3 2021
10.	**Investments in participating interests**				
	Cost 1 April 2021	1.721.961	1.006.850	740.000	740.000
	Additions during the year	0	715.111	0	0
	Cost 31 March 2022	**1.721.961**	**1.721.961**	**740.000**	**740.000**
	Revaluations, opening balance 1 April 2021	1.135.730	1.285.796	-1.388.000	-1.353.000
	Net profit or loss for the year before amortisation of goodwill	346.483	149.934	-33.000	-35.000
	Dividend	-200.000	-300.000	0	0
	Revaluation 31 March 2022	**1.282.213**	**1.135.730**	**-1.421.000**	**-1.388.000**
	Offset against receiveables	681.000	648.000	681.000	648.000
	Set off against debtors and provisions for liabilities	**681.000**	**648.000**	**681.000**	**648.000**
	Carrying amount, 31 March 2022	**3.685.174**	**3.505.691**	**0**	**0**

Participating interests:

	Domicile	Equity interest
Brejnholm Dambrug ApS	Toerring	33,33 %
Bornholms Havbrug A/S	Nexoe	38,94 %
Vingsted-Kobberbaek A/S	Bredsten	30 %

Notes

All amounts in DKK.

		Group 31/3 2022	Group 31/3 2021	Parent 31/3 2022	Parent 31/3 2021
11.	**Inventory**				
	Raw materials and consumables	457.292	895.412	0	148.296
	Indirect production cost concerning fish production	4.601.453	4.134.632	4.601.453	4.134.632
	Produced and purchased trade goods	25.884.610	25.899.586	25.884.610	25.899.586
	Biological assets	39.469.120	29.355.854	0	0
		70.412.475	**60.285.484**	**30.486.063**	**30.182.514**

		Group 31/3 2022	Group 31/3 2021	Parent 31/3 2022	Parent 31/3 2021
12.	**Prepayments and accrued income**				
	Other prepayments	1.226.348	985.033	1.129.498	868.154
	Prepaid tax	1.074.000	1.504.000	1.074.000	1.504.000
		2.300.348	**2.489.033**	**2.203.498**	**2.372.154**

		Group 31/3 2022	Group 31/3 2021	Parent 31/3 2022	Parent 31/3 2021
13.	**Contributed capital**				
	Contributed capital 1 April 2021	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.

Notes

All amounts in DKK.

	Group		Parent	
	31/3 2022	31/3 2021	31/3 2022	31/3 2021
14. Provisions for deferred tax				
Provisions for deferred tax 1 April 2021	6.936.743	6.428.689	2.899.257	2.664.662
Deferred tax of the results for the year	1.045.238	709.262	472.879	234.595
Deferred tax recognised directly in equity	0	-201.208	0	0
	7.981.981	**6.936.743**	**3.372.136**	**2.899.257**
The following items are subject to deferred tax:				
Intangible assets	550.546	534.516	13.569	35.494
Property, plant, and equipment	5.434.725	5.368.222	3.829.400	3.733.045
Current assets	3.893.167	3.000.805	1.080.300	723.539
Liabilities	-1.896.457	-1.966.800	-1.551.133	-1.592.821
	7.981.981	**6.936.743**	**3.372.136**	**2.899.257**

15. Long term labilities other than provisions

	Total payables 31 Mar 2022	Current portion of long term payables	Long term payables 31 Mar 2022	Outstanding payables after 5 years
Group				
Mortgage loans	9.753.143	801.177	8.951.966	5.905.419
Other mortgage loans	4.631.187	1.015.581	3.615.606	1.037.009
Bank loans	8.716.100	3.023.600	5.692.500	2.932.500
Lease liabilities	8.483.833	468.020	8.015.813	6.303.759
Other payables	1.559.833	0	1.559.833	1.559.833
	33.144.096	**5.308.378**	**27.835.718**	**17.738.520**
Parent				
Mortgage loans	2.713.198	198.008	2.515.190	1.704.156
Bank loans	6.033.600	2.733.600	3.300.000	1.700.000
Lease liabilities	7.012.141	249.391	6.762.750	5.777.163
Other payables	1.147.943	0	1.147.943	1.147.943
	16.906.882	**3.180.999**	**13.725.883**	**10.329.262**

Notes

All amounts in DKK.

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 1.914 at 31 March 2022.

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 5.276 at 31 March 2022.

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 864 at 31 March 2022.

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 2.180 at 31 March 2022.

Spar Nord Bank A/S has as security for the consolidated debt received letter of indemnity nom. TDKK 6.500 secured by property registration number 5a Leojstrup HGD which represent a book value of TDKK 2.356 at 31 March 2022.

Spar Nord Bank A/S has a security for the consolidated debt received letter of indemnity nom. TDKK 3.435 secured by property registration number 1 in Tostrup By which represent a book value of TDKK 7.586 at 31 March 2022.

Spar Nord Bank A/S has a security for the consolidated debt received letter of indemnity nom. TDKK 1.200 secured by property registration number 38h Sdr. Rind By which represent a book value of TDKK 1.869 at 31 March 2022.

Spar Nord Bank A/S has a security for the consolidated debt received letter of indemnity nom. TDKK 1.000 secured by property registration number 7o Fogstrup By which represent a book value of TDKK 3.790 at 31 March 2022.

Notes

All amounts in DKK.

16. Charges and security (continued)

Spar Nord Bank A/S has a security for the parent company and consolidated debt received letter of indemnity nom. TDKK 4.014 secured by property registration number 1 uy Taarnborg Hgd., Korsoer Jorder which represent a book value of TDKK 38.414 at 31 March 2022.

As security for mortgage debt is given a pledge in buildings and smolt stations (group), which has a book value of TDKK 24.044.

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 limited to TDKK 2.000. 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 2023.

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.

18. Related parties

Controlling interest

Okamura Foods Co. Ltd. 6-11 Yaeda 1-Chome Aomori-City 030-0912 Japan	Majority shareholder

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.

Notes

All amounts in DKK.

		Group 2021/22	2020/21
19.	**Adjustments**		
	Depreciation, amortisation, and impairment	12.964.046	12.283.085
	Loss from disposal of non-current assets	50.741	-92.231
	Income from investments in participating interest	-346.483	-149.934
	Other financial income	-36.765	-78.012
	Other financial expenses	1.865.916	1.944.762
	Tax on net profit or loss for the year	7.794.838	3.883.400
	Loss on sale of financial assets	0	15.111
		22.292.293	**17.806.181**

		Group 2021/22	2020/21
20.	**Change in working capital**		
	Change in inventories	-10.126.991	508.783
	Change in receivables	-9.296.162	210.240
	Change in trade payables and other payables	-141.563	2.715.049
		-19.564.716	**3.434.072**

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.

Some reclassifications have been made in the comparative figures.

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.

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 participating interest 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 participating interest' 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 operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

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.

Results from investments in subsidiaries and participating interest

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

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the individual participating interests are recognised in the income statement of both the group and the parent as a proportional share of the participating interest' 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 mount 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	20 years	0-20 %
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.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

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 subsidiaries og participating interest are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

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

Investments in subsidiaries and participating interest

Investments in subsidiaries and participating interest are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries and participating interest are 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.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries and participating interest but are not represented in the parent, the following accounting policies have been applied.

Leases:

- Leases are regarded as operating leases.

Investments in subsidiaries and participating interest with a negative equity value are 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 an 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 subsidiaries and participating interest transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries and participating interest.

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.

Works in progress and manufactured goods are measured at cost comprising costs of raw materials and auxiliaries with the addition of prodction 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 realeased 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.

Accounting policies

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.

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 as well as signed sales contracts.

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 2022 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.

Accounting policies

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.

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.

Accounting policies

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.

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”.

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.