Annual report for 2023/24

Musholm A/S
Strandvejen 101, 4281 Goerlev
CVR no. 17 89 59 07

Adopted at the annual general meeting on 28 June 2024

Michael Budtz
chairman

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Statement by management on the annual report

The Board of directors and executive board have today discussed and approved the annual report of Musholm A/S for the financial year 1 April 2023 - 31 March 2024.

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

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 March 2024 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 April 2023 - 31 March 2024.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Goerlev, 28 June 2024

Executive board

Niels Ebbe Dalsgaard
Director

Board of directors

Michael Budtz chairman	Niels Ebbe Dalsgaard	Katja Nowak Nielsen

Kota Taniguchi

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 2023 to 31 March 2024, 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 2024, 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 2023 - 31 March 2024 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional 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 the consolidated financial statements and the 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 the parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 parent company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the 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 and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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 consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 28 June 2024

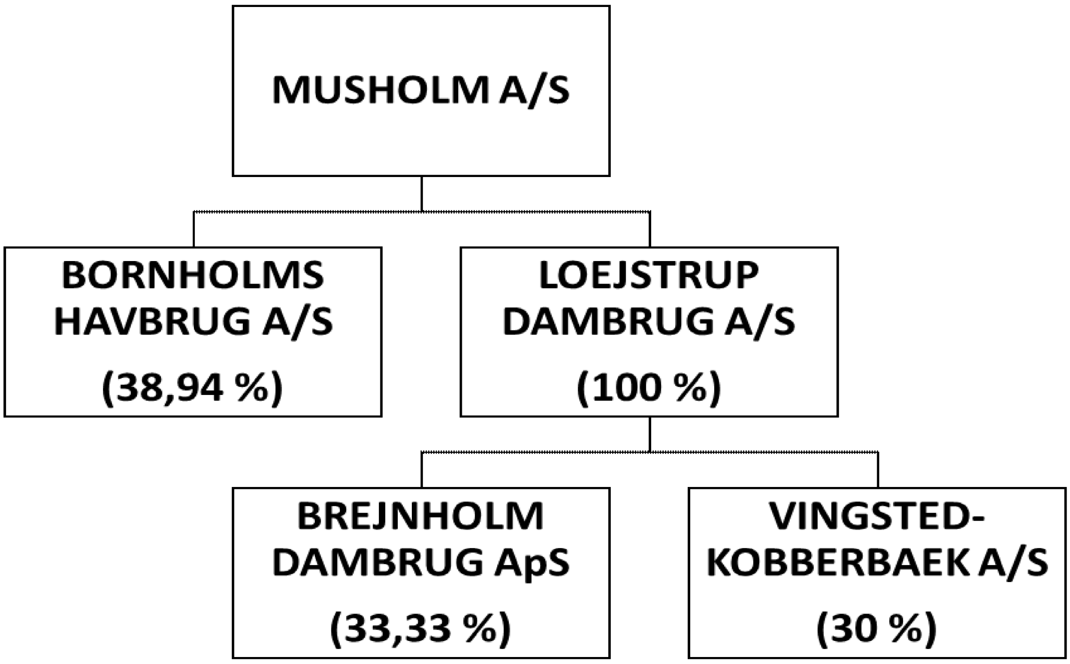
Redmark
Godkendt Revisionspartnerselskab
CVR no. 29 44 27 89

Anders Schelde-Mollerup Funder
State Authorised Public Accountant
MNE no. mne30220

Company details

The company	Musholm A/S Strandvejen 101 4281 Goerlev	
	Telephone:	+45 58 85 90 07
	CVR no.:	17 89 59 07
	Reporting period: Incorporated: Financial year:	1 April 2023 - 31 March 2024 12 July 1984 40th financial year
	Domicile:	Goerlev
Board of directors	Michael Budtz, chairman Niels Ebbe Dalsgaard Katja Nowak Nielsen Kota Taniguchi	
Executive board	Niels Ebbe Dalsgaard, director	
Shareholders	Okamura Foods Co. Ltd., Japan	
Subsidiaries	Loejstrup Dambrug A/S, Goerlev	
Auditors	Redmark Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg	
Lawyers	Kromann Reumert Advokatfirma Sundkrogsgade 5 2100 Copenhagen	
Bankers	Spar Nord Bank A/S Slotsvolden 7 4300 Holbaek	

Group chart


MUSHOLM A/S
BORNHOLMS HAVBRUG A/S (38,94 %)
LOEJSTRUP DAMBRUG A/S (100 %)
BREJNHOLM DAMBRUG ApS (33,33 %)
VINGSTED-KOBBERBAEK A/S (30 %)

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	Group				
	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Gross profit/loss	79.076	83.905	83.613	65.953	60.294
Profit/loss before net financials	21.792	31.768	37.088	19.068	16.383
Net financials	-3.605	-2.040	-1.483	-1.732	-1.589
Profit/loss for the year	14.143	23.166	27.810	13.453	11.574
Balance sheet total	327.105	268.634	237.285	195.674	196.315
Investment in property, plant and equipment	26.627	27.813	38.059	24.449	34.348
Equity	208.200	194.056	170.890	143.079	130.580
Cash flows from:					
- operating activities	-9.643	31.626	25.904	28.574	33.068
- investing activities	-35.288	-27.580	-38.040	-25.319	-34.362
- financing activities	44.989	-4.050	8.796	-5.131	2.844
The year's changes in cash and cash equivalents	59	-4	-3.340	-1.876	1.551
Number of employees	62	59	51	53	54
Financial ratios					
Solvency ratio	63,6%	72,2%	72,0%	73,1%	66,5%
Return on equity	7,0%	12,7%	17,7%	9,8%	9,3%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

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 is no significant uncertainty regarding recognition and measurement.

Development in activities and financial matters

TThe production was satisfactory, but a little less than expected due to extraordinary warm sea temperatures before the harvest. The demand for sea farmed trout and roe was firm. The increased cost for fish feed and energy could be covered by the market prices.

The group has realized a gross profit of 79.1 million DKK compared to last year 83.9 million DKK. 81 % of the annual turnover came from export sales primarily to markets in EU and Southeast Asia.

The overall positive result for the group was 14.1 million DKK after tax, which must be characterized as satisfactory. Hereof, Loejstrup Dambrug A/S has realized a positive result of 0.5 million DKK after tax which must be characterized as satisfactory. The result for the group is in line with the expectations stated in the annual report for 2022/23.

Investments on the sea and land-based aquaculture and processing facilities were approx. 27 million DKK for environmental improvements, development of production, quality and competitiveness.

Management's review

General risks

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, land-based 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 salmon and aquaculture.

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.

Expected developments

The group expects a positive result for 2024/25 that is higher than 2023/24. 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.

Income statement 1 April - 31 March

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		DKK	TDKK	DKK	TDKK
Gross profit		**79.076.483**	**83.905**	**58.479.134**	**68.028**
Staff costs	1	-40.734.588	-36.721	-30.422.216	-28.422
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-16.512.204	-15.416	-10.103.395	-9.324
Other operating costs		-37.378	0	-37.378	0
Operating profit		**21.792.313**	**31.768**	**17.916.145**	**30.282**
Income from investments in subsidiaries		0	0	530.781	-102
Income from investments in participating interests		676.391	503	0	-28
Financial income	2	105.788	99	3.117.937	1.563
Financial costs		-4.386.973	-2.642	-3.327.204	-1.801
Profit/loss before tax		**18.187.519**	**29.728**	**18.237.659**	**29.914**
Tax on profit/loss for the year	3	-4.044.118	-6.562	-4.094.258	-6.748
Profit/loss for the year		**14.143.401**	**23.166**	**14.143.401**	**23.166**
Distribution of profit	4				

Balance sheet 31 March

	Note	Group 2023/24 DKK	Group 2022/23 TDKK	Parent company 2023/24 DKK	Parent company 2022/23 TDKK
Assets					
Concessions, patents, licenses, trademark, and similar rights acquired		11.824.172	2.830	9.234.471	30
Intangible assets	5	**11.824.172**	**2.830**	**9.234.471**	**30**
Land and buildings	6	78.079.687	76.159	57.102.802	54.610
Plant and machinery	6	69.219.143	72.961	34.614.275	36.447
Other fixtures and fittings, tools and equipment	6	3.048.198	2.873	1.556.260	1.717
Property, plant and equipment in progress	6	12.420.806	529	185.000	0
Tangible assets		**162.767.834**	**152.522**	**93.458.337**	**92.774**
Investments in subsidiaries	7	0	0	8.733.007	8.202
Participating interests	8	4.192.793	4.016	0	0
Fixed asset investments		**4.192.793**	**4.016**	**8.733.007**	**8.202**
Total non-current assets		**178.784.799**	**159.368**	**111.425.815**	**101.006**
Raw materials and consumables		19.573.410	2.554	704.030	1.552
Indirect production cost concerning fish production		4.481.232	6.239	4.481.232	6.239
Produced and purchased trade goods		38.610.767	26.888	56.941.309	26.888
Biological assets		55.082.686	49.978	0	0
Stocks		**117.748.095**	**85.659**	**62.126.571**	**34.679**
Trade receivables		20.231.392	13.578	20.154.495	13.362
Receivables from subsidiaries		0	0	92.383.231	86.159
Receivables from Participating interests		62.500	101	0	0
Other receivables		8.334.683	7.968	3.907.106	5.138
Prepayments	9	1.866.013	1.942	1.866.013	1.866
Receivables		**30.494.588**	**23.589**	**118.310.845**	**106.525**

Balance sheet 31 March (continued)

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		DKK	TDKK	DKK	TDKK
Assets					
Cash at bank and in hand		**77.125**	**19**	**77.125**	**19**
Total current assets		**148.319.808**	**109.266**	**180.514.541**	**141.223**
Total assets		**327.104.607**	**268.634**	**291.940.356**	**242.229**

Balance sheet 31 March

		Group		Parent company	
	Note	2023/24	2022/23	2023/24	2022/23
		DKK	TDKK	DKK	TDKK
Equity and liabilities					
Share capital		714.000	714	714.000	714
Reserve for net revaluation under the equity method		1.761.832	1.585	6.784.006	6.253
Retained earnings		205.724.077	191.757	200.701.903	187.089
Equity	10	**208.199.909**	**194.056**	**208.199.909**	**194.056**
Provision for deferred tax	11	7.639.727	8.295	2.758.203	3.041
Total provisions		**7.639.727**	**8.295**	**2.758.203**	**3.041**
Banks		12.412.500	5.003	10.600.000	2.900
Mortgage loans		15.735.421	16.850	10.515.097	11.019
Other mortgage loans		1.848.557	2.578	0	0
Lease obligations		10.388.403	10.402	6.384.862	6.554
Payables to group companies		18.645.500	0	18.645.500	0
Other payables		1.501.558	1.409	1.140.253	1.070
Total non-current liabilities	12	**60.531.939**	**36.242**	**47.285.712**	**21.543**
Short-term part of long-term debet	12	5.164.736	4.247	2.111.756	1.183
Banks		20.923.028	786	16.239.003	383
Trade payables		12.493.888	16.698	11.487.712	13.454
Payable to group enterprises		3.726.119	1.503	0	1.503
Corporation tax		2.427.220	4.101	2.105.229	4.101
Joint taxation contributions payable		0	0	0	830
Other payables		2.526.341	2.706	1.752.832	2.135
Deferred income		3.471.700	0	0	0
Total current liabilities		**50.733.032**	**30.041**	**33.696.532**	**23.589**
Total liabilities		**111.264.971**	**66.283**	**80.982.244**	**45.132**
Total equity and liabilities		**327.104.607**	**268.634**	**291.940.356**	**242.229**

Statement of changes in equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 April 2023	714.000	1.585.441	191.757.067	194.056.508
Dividend from participating interests	0	-500.000	0	-500.000
Revaluation for the year	0	676.391	0	676.391
Net profit/loss for the year	0	0	13.967.010	13.967.010
Equity at 31 March 2024	**714.000**	**1.761.832**	**205.724.077**	**208.199.909**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 April 2023	714.000	6.253.225	187.089.283	194.056.508
Revaluation for the year	0	530.781	0	530.781
Net profit/loss for the year	0	0	13.612.620	13.612.620
Equity at 31 March 2024	**714.000**	**6.784.006**	**200.701.903**	**208.199.909**

Cash flow statement 1 April - 31 March

	Note	Group 2023/24 DKK	Group 2022/23 TDKK
Net profit/loss for the year		14.143.401	23.166
Adjustments	16	24.196.048	24.022
Change in working capital	17	-37.472.805	-7.422
Cash flows from operating activities before financial income and expenses		**866.644**	**39.766**
Interest income and similar income		105.788	99
Interest expenses and similar charges		-4.386.974	-2.641
Cash flows from ordinary activities		**-3.414.542**	**37.224**
Corporation tax paid		-6.583.858	-5.890
Adjustments for lease interests		355.727	292
Cash flows from operating activities		**-9.642.673**	**31.626**
Purchase of intangible assets		-9.263.000	0
Purchase of property, plant and equipment		-26.626.616	-27.813
Sale of property, plant and equipment		102.000	33
Dividends received from participating interests		500.000	200
Cash flows from investing activities		**-35.287.616**	**-27.580**
Repayment of mortgage loans		-1.102.196	-2.594
Repayment of loans from credit institutions		-690.000	0
Reduction of lease obligations		-1.874.958	-1.507
Repayment of other long-term debt		-1.037.208	0
Raising of loans from credit institutions		29.136.586	0
Lease liabilities assumed		1.895.842	0
Raising of loans from group subsidiaries		18.645.500	0
Raising of other long-term debt		15.294	0
Write-down of loan		0	51
Cash flows from financing activities		**44.988.860**	**-4.050**
Change in cash and cash equivalents		**58.571**	**-4**
Cash and cash equivalents		18.554	23
Cash and cash equivalents		**77.125**	**19**

Cash flow statement 1 April - 31 March (continued)

	Note	Group 2023/24 DKK	Group 2022/23 TDKK
Analysis of cash and cash equivalents:			
Cash at bank and in hand		77.125	19
Cash and cash equivalents		**77.125**	**19**

Notes

		Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	TDKK	DKK	TDKK
1	**Staff costs**				
	Wages and salaries	36.842.242	33.158	27.505.167	25.693
	Pensions	2.889.001	2.569	2.177.138	1.985
	Other social security costs	1.003.345	994	739.911	744
		40.734.588	**36.721**	**30.422.216**	**28.422**
	Including remuneration to the executive and the board of directors	**2.427.517**	**2.538**	**2.357.517**	**2.538**
	Number of fulltime employees on average	62	59	46	45
2	**Financial income**				
	Interest received from subsidiaries	0	0	3.048.661	1.493
	Other financial income	57.268	54	20.756	25
	Exchange gains	48.520	45	48.520	45
		105.788	**99**	**3.117.937**	**1.563**
3	**Tax on profit/loss for the year**				
	Current tax for the year	4.699.221	6.249	4.377.229	7.079
	Deferred tax for the year	-655.103	313	-282.971	-331
		4.044.118	**6.562**	**4.094.258**	**6.748**
4	**Distribution of profit**				
	Reserve for net revaluation under the equity method	176.391	303	530.781	-130
	Retained earnings	13.967.010	22.863	13.612.620	23.296
		14.143.401	**23.166**	**14.143.401**	**23.166**

Notes

5 Intangible assets

Group

	Concessions, patents, licenses, trademark, and similar rights acquired
Cost at 1 April 2023	9.146.400
Additions for the year	9.263.000
Cost at 31 March 2024	18.409.400
Impairment losses and amortisation at 1 April 2023	6.316.871
Amortisation for the year	268.357
Impairment losses and amortisation at 31 March 2024	6.585.228
Carrying amount at 31 March 2024	**11.824.172**

Parent company

	Concessions, patents, licenses, trademark, and similar rights acquired
Cost at 1 April 2023	4.948.213
Additions for the year	9.263.000
Cost at 31 March 2024	14.211.213
Impairment losses and amortisation at 1 April 2023	4.918.294
Amortisation for the year	58.448
Impairment losses and amortisation at 31 March 2024	4.976.742
Carrying amount at 31 March 2024	**9.234.471**

Notes

6 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 April 2023	96.745.142	160.084.273	9.432.494	528.962
Additions for the year	5.835.056	7.824.419	1.075.297	11.891.844
Disposals for the year	-172.149	-2.378.795	-203.900	0
Cost at 31 March 2024	102.408.049	165.529.897	10.303.891	12.420.806
Impairment losses and depreciation at 1 April 2023	20.586.574	87.123.024	6.559.280	0
Depreciation for the year	3.886.546	11.456.985	900.313	0
Reversal of impairment and depreciation of sold assets	-144.758	-2.269.255	-203.900	0
Impairment losses and depreciation at 31 March 2024	24.328.362	96.310.754	7.255.693	0
Carrying amount at 31 March 2024	**78.079.687**	**69.219.143**	**3.048.198**	**12.420.806**
Leased assets depreciation for the year	79.392	1.642.734	0	0
Value of leased assets	351.713	11.201.872	0	0

Notes

6 Tangible assets (continued)

Parent company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
Cost at 1 April 2023	70.817.156	92.969.819	5.135.528	0
Additions for the year	5.512.312	4.758.806	310.597	185.000
Disposals for the year	-172.149	-2.267.148	0	0
Cost at 31 March 2024	76.157.319	95.461.477	5.446.125	185.000
Impairment losses and depreciation at 1 April 2023	16.207.275	56.522.919	3.418.365	0
Depreciation for the year	2.991.999	6.581.445	471.500	0
Reversal of impairment and depreciation of sold assets	-144.758	-2.257.162	0	0
Impairment losses and depreciation at 31 March 2024	19.054.516	60.847.202	3.889.865	0
Carrying amount at 31 March 2024	**57.102.803**	**34.614.275**	**1.556.260**	**185.000**
Leased assets depreciation for the year	44.612	268.963		
Value of leased assets	351.713	5.952.580		

Notes

		Parent company	
		2023/24	2022/23
		DKK	TDKK
7	**Investments in subsidiaries**		
	Cost at 1 April 2023	500.000	500
	Cost at 31 March 2024	500.000	500
	Revaluations at 1 April 2023	7.702.225	7.804
	Net profit/loss for the year	530.782	-102
	Revaluations at 31 March 2024	8.233.007	7.702
	Carrying amount at 31 March 2024	**8.733.007**	**8.202**

Group

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Loejstrup Dambrug A/S	Goerlev	100%

Notes

	Group		Parent company	
	2023/24	2022/23	2023/24	2022/23
	DKK	TDKK	DKK	TDKK
8 Participating interests				
Cost at 1 April 2023	1.721.961	1.722	740.000	740
Cost at 31 March 2024	1.721.961	1.722	740.000	740
Revaluations at 1 April 2023	1.585.441	1.282	-1.449.000	-1.421
Net profit/loss for the year	676.391	503	0	-28
Received dividend	-500.000	-200	0	0
Equity investments with negative net asset value amortised over receivables	709.000	709	709.000	709
Revaluations at 31 March 2024	2.470.832	2.294	-740.000	-740
Carrying amount at 31 March 2024	**4.192.793**	**4.016**	**0**	**0**

Group
Investments in participating interests are specified as follows:

Name	Registered office	Ownership interest
Brejnholm Dambrug ApS	Toerring	33,33%
Bornholms Havbrug A/S	Nexoe	38,94%
Vingsted-Kobberbaek A/S	Bredsten	30,00%

9 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest with DKK 519.013 as well as prepaid corporate tax with DKK 1.347.000.

Notes

10 Equity

The share capital consists of 714.000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

		Group		Parent company	
		2023/24	2022/23	2023/24	2022/23
		DKK	TDKK	DKK	TDKK
11	**Provision for deferred tax**				
	Provision for deferred tax at 1 April 2023	8.294.830	7.982	3.041.174	3.372
	Deferred tax recognised in income statement	-655.103	313	-282.971	-331
	Provision for deferred tax at 31 March 2024	**7.639.727**	**8.295**	**2.758.203**	**3.041**
	Provisions for deferred tax on:				
	Intangible assets	803.362	535	284.846	7
	Property, plant and equipment	5.737.648	6.026	3.535.975	3.774
	Inventories	4.639.901	4.394	503.081	818
	Lease liabilities	-2.666.169	-2.603	-1.472.400	-1.501
	Borrowing costs	-111.241	-57	-93.299	-57
	Deferred income	-763.774	0	0	0
		7.639.727	**8.295**	**2.758.203**	**3.041**

Notes

12 Long term debt

Group	Debt at 1 April 2023	Debt at 31 March 2024	Instalment next year	Debt outstanding after 5 years
Banks	5.692.500	14.002.500	1.590.000	6.052.500
Mortgage loans	17.951.969	16.849.773	1.114.352	11.527.464
Other mortgage loans	3.615.604	2.578.396	729.839	225.453
Lease obligations	11.742.337	12.118.948	1.730.545	5.665.247
Payables to group companies	0	18.645.500	0	0
Other payables	1.486.264	1.501.558	0	1.435.434
	40.488.674	**65.696.675**	**5.164.736**	**24.906.098**

Parent Company	Debt at 1 April 2023	Debt at 31 March 2024	Instalment next year	Debt outstanding after 5 years
Banks	3.300.000	11.900.000	1.300.000	5.400.000
Mortgage loans	11.515.191	11.018.986	503.889	8.363.128
Lease obligations	6.821.903	6.692.729	307.867	5.366.117
Payables to group companies	0	18.645.500	0	0
Other payables	1.089.856	1.140.253	0	1.140.253
	22.726.950	**49.397.468**	**2.111.756**	**20.269.498**

Notes

13 Mortgages and collateral

Group and parent company
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 40.000.

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 1.314 at 31 March 2024.

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 5.637 at 31 March 2024.

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 1.071 at 31 March 2024.

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 1.091 at 31 March 2024.

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 9.211 at 31 March 2024.

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 9.264 at 31 March 2024.

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 1.629 at 31 March 2024.

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 5.255 at 31 March 2024.

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 35.620 at 31 March 2024.

Notes

13 Mortgages and collateral (continued)

As security for mortgage debt is given a pledge in buildings and smolt stations (group), which has a book value of TDKK 68.783.

14 Contingent liabilities

Group
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 2024

Parent Company
The parent company is jointly taxed with its danish group entities. The entities are jointly and severally liable for danish income taxes as well as withholding taxes on dividends, interest and royalties payable by the group of jointly taxed entities. Due income taxes and withholding taxes payable by the group of jointly taxed entities totals DKK 2.427 thousand at 31 March 2024. Any subsequent corrections of income taxes and withholding taxes may increase the tax payable by the entities. The group as such is not liable to any third parties.

15 Related parties and ownership structure

Controlling interest

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

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

		Group	
		2023/24	2022/23
		DKK	TDKK
16	**Cash flow statement - adjustments**		
	Financial income	-105.788	-99
	Financial costs	4.386.973	2.642
	Depreciation, amortisation and impairment losses	16.549.582	15.411
	Income from investments in participating interests	-676.391	-503
	Tax on profit/loss for the year	4.044.118	6.562
	Other adjustments	-2.446	9
		24.196.048	**24.022**
17	**Cash flow statement - change in working capital**		
	Change in inventories	-32.090.077	-15.246
	Change in receivables	-6.724.414	976
	Change in trade payables, etc.	1.341.686	6.847
		-37.472.805	**-7.423**

Notes

18 Accounting policies

The annual report of Musholm A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2023/24 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Notes

18 Accounting policies

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

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

Consolidated financial statements

The consolidated financial statements comprise the parent company Musholm A/S and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the associates based on the parent company’s accounting policies and proportionate elimination of unrealised intra-group gains and losses. The proportionate share of associates’ profit/loss, after elimination of the proportionate share of intra-group gains and losses, is recognised in the income statement.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Notes

18 Accounting policies

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

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 performancerelated 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.

Raw materials and consumables

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

Other operating income

The item Other operating income includes items of a secondary nature relative to the company’s activities, including gains on the sale of intangible assets and items of property, plant and equipment, operating losses, indemnities relating to operating losses and conflicts as well as payroll refunds. Indemnities are recognised when it is more probable than not that the company is going to be indemnified.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Notes

18 Accounting policies

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Government grants

Grants for investing in/purchasing assets
Grants are recognised in the statement of financial position under prepayments and accrued income (equity and liabilities) and transferred to government grants in the income statement in tandem with the amortisation of the grant-related assets.

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Depreciation, amortisation and impairment of intangible assets and property, plant and equipment comprise the year's depreciation, amortisation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

The proportionate share of the profit/loss for the year of participating interests is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

Notes

18 Accounting policies

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

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.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Where individual components of an item of property, plant and equipment have different useful lives, and the individual component is a significant part of the total cost, the cost is divided into separate components, which are depreciated separately.

Notes

18 Accounting policies

Straight-line depreciation is provided on the basis of the following estimated useful lives of the 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.

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.

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Leases

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-ofuse asset. When determining the present value, the internal rate of return or, alternatively, the enterprise’s borrowing rate is applied as discount rate.

Notes

18 Accounting policies

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.

Fixed asset investments

Investments in subsidiaries, associates and participating interests

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.

Notes

18 Accounting policies

Leases:

- Leases are regarded as operating leases in the participating interest

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.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

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 of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets 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.

Notes

18 Accounting policies

Stocks

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.

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.

Notes

18 Accounting policies

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 for historical deviations between Fish Pool and actual prices as well as signed sales contracts.

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

Discounts

The estimated future cash flow is discounted. The discount rate at 31 March 2024 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.

Notes

18 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.

Receivables for which there is no objective evidence of individual impairment are tested for impairment on a portfolio basis. The portfolios are primarily based on debtors' domicile and credit ratings in accordance with the Company's credit risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method in the company's financial statements comprises net revaluation of investments in subsidiaries, participating interests and associates relative to the cost.

Income tax and deferred tax

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

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

Notes

18 Accounting policies

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Notes

18 Accounting policies

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under ‘Interest income and dividend received’.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial Highlights

Definitions of financial ratios.

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total assets}}$$

Return on equity $$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$$