Aller Aqua Group A/S

Allervej 130, DK-6070 Christiansfeld

Annual Report for 2022

CVR No. 30 90 97 55

The Annual Report was presented and adopted at the Annual General Meeting of the company on 16/5 2023

Hans Erik Bylling
Chairman of the general meeting

Contents

	Page
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Management's Review	
Company information	5
Financial Highlights	6
Management's review	7
Financial Statements	
Income statement 1 January - 31 December	12
Balance sheet 31 December	13
Statement of changes in equity	16
Cash Flow Statement 1 January - 31 December	17
Notes to the Financial Statements	18

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Aller Aqua Group A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Aller, 16 May 2023

Executive Board

Hans Erik Bylling	Carsten Jørgensen

Board of Directors

Hans Erik Bylling	Carsten Jørgensen	Rolf Manfred Ebbesen
Henrik Thygesen Halken	Anders Carøe Bylling	Monica Reib
Erik Munk Poulsen		

Independent Auditor's report

To the shareholder of Aller Aqua Group A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Aller Aqua Group A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

Independent Auditor's report

Trekantområdet, 16 May 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Forthoft Lind
State Authorised Public Accountant
mne34169

Henrik Junker Andersen
State Authorised Public Accountant
mne42818

Company information

The Company	Aller Aqua Group A/S Allervej 130 DK-6070 Christiansfeld CVR No: 30 90 97 55 Financial period: 1 January - 31 December Municipality of reg. office: Kolding
Board of Directors	Hans Erik Bylling Carsten Jørgensen Rolf Manfred Ebbesen Henrik Thygesen Halken Anders Carøe Bylling Monica Reib Erik Munk Poulsen
Executive board	Hans Erik Bylling Carsten Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	2,041,840	1,630,668	1,375,897	1,294,905	1,252,865
Gross profit/loss	186,262	162,442	156,124	187,896	127,551
EBITDA	80,669	78,300	78,449	113,883	69,855
EBIT	51,845	55,502	56,742	92,722	56,100
Profit/loss before tax	33,572	32,105	27,774	86,231	49,726
Profit/loss of financial income and expenses	-18,273	-23,397	-28,968	-6,491	-6,374
Net profit/loss	16,811	25,884	18,763	66,741	43,395
Balance sheet					
Balance sheet total	1,253,862	1,077,847	868,846	858,082	773,604
Investment in property, plant and equipment	30,858	31,094	38,040	15,670	21,840
Equity	272,506	294,797	257,278	222,376	244,315
Cash flows					
Cash flows from:					
- operating activities	57,201	34,323	-16,049	61,954	-30,495
- investing activities	-73,095	-30,991	-31,956	-6,724	-10,434
- financing activities	21,018	19,107	-38,040	-53,077	30,764
Change in cash and cash equivalents for the year	5,124	22,439	-280	2,153	-10,165
Number of employees	407	341	320	277	258
Ratios					
Gross margin	9.1%	10.0%	11.3%	14.5%	10.2%
EBITDA margin	4.0%	5.1%	5.7%	8.8%	5.6%
EBIT margin	2.5%	3.2%	4.1%	7.2%	4.5%
Return on assets	4.1%	5.1%	6.5%	10.8%	7.3%
Solvency ratio	21.7%	27.4%	29.6%	25.9%	31.6%
Return on equity	5.9%	9.4%	7.8%	28.6%	18.9%

In connection with changes to accounting policies, the comparative figures for 2018 have not been restated. See the description under accounting policies. For definitions, see under accounting policies.

Management's review

Key activities

The activities of the group primarily include development, production, and sale of fish feed as well as trading with raw materials related to the production.

After takeover of Danforel companies in May 2022 the activities also now include farming and processing fish as well as selling fish and related products.

Development in the year

The income statement of the Group for 2022 shows a profit of TDKK 16,811, and at 31 December 2022 the balance sheet of the Group shows positive equity of TDKK 272,506.

The COVID-19 pandemic came to an end but still the side effects with high transportation cost and hick-ups in logistic somehow affected the business in various countries.

Another big challenge was the start of the war in Ukraine which led to massive price increases on most of the raw materials as well on energy and financing

These increases we could not recover hence our margins were impacted negatively. However, we now see a certain stability.

Several of our markets in Africa was hit significantly harder by the increases, since they are very depending on imported raw materials. This led to a food crisis as well as financial crisis with the result that African currencies devaluated heavily.

The past year and follow-up on development expectations from last year

In 2022 the Group realized a result of TDKK 16,811 against TDKK 25,884 in 2021. The 2022 result didn’t live up to expectations.

The result in Aller Aqua Group has been affected negatively with TDKK 28,953 from the result of Danforel companies. In connection with the purchase of Danforel companies a badwill has been identified of TDKK 28,520 which is shown as an income under “Other operating income”. Total impact in the profit and loss has been minus TDKK 564.

Operating risks

The group’s most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold and to ensure that production prices are always competitive.

Foreign exchange risks

The existing price and currency risk are within the standard for the business. The Group is continuously entering into contracts and forward foreign exchange contracts to cover the risks.

Targets and expectations for the year ahead

Profit expectations for the coming years are positive and the expectations is a result as in 2021.

Research and development

Research is ongoing to develop and improve the products of the company.

External environment

The Group is continuously working on securing a safe and healthy work environment in a way where environmental and climate conditions are included in the processes.

Management's review

Statement of corporate social responsibility

Business model

Aller Aqua ("The Group") is a Danish founded company, which globally including associates employs approximately 700 people at seven different production facilities in seven different countries (Denmark, Germany, Poland, Serbia, Eqypt, Zambia and China). The Group's primary activity is the production and manufacturing of fish feed and related trading with raw materials. The Group has sales in 60 different countries and is the third largest fish feed producer in EU in the freshwater segment.

The Group is aware of its environmental, ethical and societal responsibility, which is an integrated part of our business. Additionally, to our work within the area of CSR, the Group has during the past years entered a program supporting the United Nations Sustainable Development Goals (UN SDG) where we have specific focus on goals no. 2, 8, 13 & 14. The UN SDG goals have been incorporated into our strategy for all entities to maintain focus.

Climate change and environmental approach

The work around climate change and environmental issues is an important part of Aller Aqua's activities. As we source many raw materials and have several production sites, there is a risk of unintended impact on the surrounding environment. We address this risk by working on ISO 22000 certification of our production sites.

Management's review

UN SDG 13 – Climate action

In 2020, Aller Aqua's focus on climate change initiated the first steps towards a more climate neutral sourcing of ingredients for fish feed production. The main aim was to reduce the transport distance of the ingredients. The target of sourcing 100% of our soya products from the European region was fulfilled in 2022. To quantify the effect, a system for carbon footprint calculations of feed ingredients and feed production were developed according to the PEFCR Feed for food producing animals. The calculations were third part verified before making data public available.

In 2022 the calculations were made even more accurate, by engaging the suppliers and using more detailed information about origin and production sites. Good collaboration with suppliers and transparency regarding sustainability issues are key to deliver valid sustainability data forwards in the value chain. Data has been anchored in the electronical quality management system (IPW), and are connected to the specific supplier and ingredient used.

Statement and questionnaires for suppliers have been updated with questions about sustainability, e.g., if suppliers are working actively with the UN SDGs and if carbon footprint of products are calculated. These documents are filled out every year by suppliers and returned and filed in the quality management system.

The system makes is giving Aller Aqua a possibility to rank both suppliers, ingredients, and feed products according to sustainability. An example of a quantitative result is that Aller Aqua reduced the carbon footprint (measured in CO2-equivalents incl. land use change according to the EU system "PEFCR for Feed Producing Animals") of raw materials with 17% from 2020 to 2022. Efforts are continuing to increase the use of locally produced raw materials to achieve an even lower transportation impact.

The IPW-system of supplier management is implemented for all factories, and the sustainability calculations are integrated in the EU-factories, but more factories will be covered by this work as well.
Being one of the first feed producers to use the PEFCR Feed in EU, Aller Aqua is included in the EU Green Labelling task force to help establish a common understanding and a set of recommendations for an aligned procedure for calculating carbon footprint.

Looking forward, the system for calculating carbon footprint developed in Aller Aqua will be a key element in the coming ASC Feed-certification, which will take place in 2023. ASC (Aquaculture Stewardship Council) mainly addresses environmental and social issues.

Furthermore, we have continued our focus to reduce our environmental impact from production facilities and have thus implemented activities to reduce energy consumption and thereby CO2e emissions across all entities.

UN SDG 14 – Life below water

Fish which are farmed in aquaculture have a smaller environmental impact than land-based animal food production.

Ensuring that feed fed to the fish are digested optimally, meaning less excretion and more feed is used for fish growth, diminish effluents to the water environment.
Also, it is of great significance that feed is used correct at the farms and not wasted.

Aller Aqua constantly develop feed types to optimize digestibility and feed conversion ratios, both by recipe optimization based on raw materials and nutritional composition. In 2022, a number of feed ingredients were continously tested in Aller Aqua Research in Büsum.

We take responsibility for the success of our clients, and it is a strategic aim to be close to our clients and develop together. We have introduced systematic training programs towards our clients, to secure best practice and performance, which leads to the lowest environmental impact. This is a triple win, for us, the clients, and the environment.

Management's review

Human rights and social relations approach

As our activities are spread across the world, and since we have activities that involves multiple numbers of stakeholders, we acknowledge the need for addressing human rights related issues. We know that the protection and support of international accepted human rights guidelines are very important to our stakeholders, and we acknowledge the risk of not living up to these expectations.

We are working by a “code of conduct” towards our suppliers. This code of conduct is a part of the approval of all suppliers. In the code of conduct we address among others:

-Compliance with applicable laws
-Accurate and honest recordkeeping
-Protection of information, assets and interests
-Business obligations
-Respect and dignity
-Conducting business with integrity
-Responsibility

The “code of conduct” is sent to all suppliers and is a part of the supplier approval to the group. During 2022 numerous supplier audits have taken place across the group factories, however many of these has been virtual due to the COVID-19 pandemic.

Based on these audits we have not seen any critical incidences at our suppliers during the year.

In 2023, we expect to teach and train employees, throughout the group, in the same code of conduct.

Employee relations

We value our employees highly, and we are aware of the need to be able to attract and maintain competent employees on the staff, as our biggest risk within social relations is loss of knowledge. Therefore, we have a focus on providing proper working conditions for our employees worldwide.

At our production facility in Zambia and Egypt we have introduced busses that employees can use to get to work since the population is scarce in the near proximity of our production site and in Egypt challenges with transport are huge. This practice has continued in 2022.

In Denmark we offer our employees a membership of a digital learning platform which have the purpose of creating a stronger and more open culture, where we care about each other and dare to talk about the things that are difficult.

Our work related to the SDG goal no. 8 implies advocating for an increase in the aquaculture sector as this will support economic growth in areas where other forms of agricultural activities are not possible and where it will create decent work for locals. We wish to provide our employees with a decent and stable workplace, which can support a sustainable development in the area where we are present.

In the financial year 2022, we have increased the workforce at group level and have contributed to a greater diversity in these appointments.

We have continued to focus on transferring knowledge through training with our customers and employees, to increase the opportunity to create better results and a better environment.

Aller Aqua Group will continue to work with the UN's global goals, including goal no. 8 "decent work and economic growth" where we will continue to ensure that we through training and knowledge transfer with our customers can contribute to creating sustainable growth in the local areas we work in.

There is also a focus on creating attractive workplaces with opportunities for development internally in the company, as well as internationally.

Anti-corruption and bribery approach

The Group have a zero tolerance towards corruption and the Group maintain high ethics and integrity in all business relations. Aller Aqua is aware of how corruption, bribery and poor business ethics may harm the business.

Therefore, the Board of Directors have maintained a close relationship with top management throughout the companies of the Group and make sure that the Group's position and values are known and complied in all places. In the employee handbook, the Group's guidelines on e.g., gifts and ethical conduct are described to secure that the requirements are communicated across geographical areas.

In 2022, we have continued our process to screen our suppliers and apply guidelines that they are required to implement and comply with, and which contain requirements regarding anti-corruption and bribery as well as human rights. We have not identified any material issues related to corruption in 2022.

We will continue to teach and inform all employees about our code of conduct that does not accept corruption, bribery or other financial conflicts of interest. We will also, through direct control, ensure that our transactions take place in accordance with applicable rules.

Statement on gender composition

Target for the Board of Directors

Among the seven members of our Board of Directors there is one female. Thereby, Aller Aqua Group reached its target to have one woman on the Board by 2018. Consequently, the Group has set a new target to have two women on the Board by 2023. The goal was not met yet, as the general assembly did not find any need for replacement of the board member. For 2024 the goal is still to have two women on the Board.

Policy for other management levels

There are no women in the management team today. It is Group's policy to increase the number of women in our management team, but under the primary condition always to hire the most competent candidate for the job.

In 2022 we have continued to ensure that both genders are offered the same opportunities to further educate themselves as well as we have continued to nudge female talent within our organization to seek out career opportunities when relevant. When using external recruiters, we require receiving a shortlist with both male and female candidates, and we generally strive for more women to enter management. However, in 2022 too few management positions were vacant to show significant change in the overall gender split in our management team. We will continue our efforts in the years to come.

Statement on data ethics

It is the Group's assessment, that it does not have data that has not been adequately handled within GDPR legislation, why it is considered that there currently is no need of a data ethics policy.

Income statement 1 January - 31 December

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Revenue	1	2,041,840	1,630,668	0	-3
Other operating income		39,660	9,588	0	0
Expenses for raw materials and consumables		-1,745,036	-1,361,596	0	0
Other external expenses		-150,202	-116,218	-68	-130
Gross profit	2	**186,262**	**162,442**	**-68**	**-133**
Staff expenses	3	-105,593	-82,689	0	0
Depreciation and impairment losses of property, plant and equipment		-28,114	-22,798	0	0
Other operating expenses		-710	-1,453	0	0
Profit/loss before financial income and expenses		**51,845**	**55,502**	**-68**	**-133**
Income from investments in subsidiaries		0	0	10,705	15,887
Income from investments in associates		5,478	3,192	3,679	3,740
Financial income	4	5,600	9,722	3,802	5,782
Financial expenses	5	-29,351	-36,311	-5,358	-5,237
Profit/loss before tax		**33,572**	**32,105**	**12,760**	**20,039**
Tax on profit/loss for the year	6	-16,761	-6,221	-4,054	-90
Net profit/loss for the year	7	**16,811**	**25,884**	**8,706**	**19,949**

Balance sheet 31 December

Assets

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Acquired other similar rights		29	79	0	0
Development projects in progress		7,987	0	0	0
Intangible assets	8	**8,016**	**79**	**0**	**0**
Land and buildings		146,699	66,032	0	0
Plant and machinery		142,477	114,295	0	0
Property, plant and equipment in progress		31,911	28,541	0	0
Property, plant and equipment	9	**321,087**	**208,868**	**0**	**0**
Investments in subsidiaries	10	0	0	284,194	265,278
Investments in associates	11	67,548	65,099	9,209	8,911
Other investments	12	439	439	0	0
Fixed asset investments		**67,987**	**65,538**	**293,403**	**274,189**
Fixed assets		**397,090**	**274,485**	**293,403**	**274,189**
Inventories	13	**280,112**	**174,180**	**0**	**0**
Trade receivables		453,270	517,982	0	0
Receivables from group enterprises		0	0	148,447	144,853
Receivables from associates		5,185	4,146	2,869	2,705
Other receivables		31,004	23,985	0	4,408
Deferred tax asset	14	23,914	23,597	357	0
Corporation tax		287	3,418	0	0
Prepayments		2,417	595	0	0
Receivables		**516,077**	**573,723**	**151,673**	**151,966**
Cash at bank and in hand		**60,583**	**55,459**	**0**	**0**
Current assets		**856,772**	**803,362**	**151,673**	**151,966**
Assets		**1,253,862**	**1,077,847**	**445,076**	**426,155**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital		3,100	3,100	3,100	3,100
Reserve for net revaluation under the equity method		451	0	46,824	62,274
Other reserves		-23,909	-765	0	0
Retained earnings		272,704	264,212	212,422	211,173
Proposed dividend for the year		0	5,000	0	5,000
Equity attributable to shareholders of the Parent Company		**252,346**	**271,547**	**262,346**	**281,547**
Minority interests		20,160	23,250	0	0
Equity		**272,506**	**294,797**	**262,346**	**281,547**
Provision for deferred tax	14	8,389	3,767	0	0
Provisions relating to investments in group enterprises		0	0	15,574	13,945
Provisions relating to investments in associates		1,981	6,579	1,981	5,146
Other provisions	15	459	2,933	0	0
Provisions		**10,829**	**13,279**	**17,555**	**19,091**
Mortgage loans		23,846	0	0	0
Credit institutions		9,941	0	0	0
Other payables		50,120	50,983	0	0
Long-term debt	16	**83,907**	**50,983**	**0**	**0**
Mortgage loans	16	2,911	0	0	0
Credit institutions	16	379,072	283,951	68,305	30,194
Trade payables		297,000	278,497	40	39
Payables to group enterprises		96,829	95,185	96,829	95,194
Corporation tax		11,712	11,842	0	90
Other payables	16	99,096	49,313	1	0
Short-term debt		**886,620**	**718,788**	**165,175**	**125,517**
Debt		**970,527**	**769,771**	**165,175**	**125,517**
Liabilities and equity		**1,253,862**	**1,077,847**	**445,076**	**426,155**

Balance sheet 31 December

Contingent assets, liabilities and other financial obligations	19
Related parties	20
Fee to auditors appointed at the general meeting	21
Subsequent events	22
Accounting Policies	23

Statement of changes in equity

Group

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	3,100	0	-765	264,213	5,000	271,548	23,250	294,798
Exchange adjustments	0	451	-23,144	-215	0	-22,908	-9,599	-32,507
Ordinary dividend paid	0	0	0	0	-5,000	-5,000	-1,596	-6,596
Net profit/loss for the year	0	0	0	8,706	0	8,706	8,105	16,811
Equity at 31 December	**3,100**	**451**	**-23,909**	**272,704**	**0**	**252,346**	**20,160**	**272,506**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	3,100	62,274	211,174	5,000	281,548	0	281,548
Exchange adjustments	0	-22,692	-216	0	-22,908	0	-22,908
Ordinary dividend paid	0	0	0	-5,000	-5,000	0	-5,000
Net profit/loss for the year	0	7,242	1,464	0	8,706	0	8,706
Equity at 31 December	**3,100**	**46,824**	**212,422**	**0**	**262,346**	**0**	**262,346**

Cash flow statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Result of the year		16,811	25,884
Adjustments	17	30,641	60,711
Change in working capital	18	42,955	-14,717
Cash flow from operations before financial items		**90,407**	**71,878**
Financial income		5,600	9,722
Financial expenses		-29,351	-36,313
Cash flows from ordinary activities		**66,656**	**45,287**
Corporation tax paid		-9,455	-10,964
Cash flows from operating activities		**57,201**	**34,323**
Purchase of intangible assets		-7,937	0
Purchase of property, plant and equipment		-30,858	-31,092
Fixed asset investments made etc		-1,300	-501
Business acquisition		-33,000	0
Dividends received from associates		0	602
Cash flows from investing activities		**-73,095**	**-30,991**
Repayment of mortgage loans		-743	0
Repayment of loans from credit institutions		26,713	37,814
Repayment of payables to group enterprises		1,644	-13,164
Dividend paid		-6,596	-5,543
Cash flows from financing activities		**21,018**	**19,107**
Change in cash and cash equivalents		**5,124**	**22,439**
Cash and cash equivalents at 1 January		55,459	33,020
Cash and cash equivalents at 31 December		**60,583**	**55,459**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		60,583	55,459
Cash and cash equivalents at 31 December		**60,583**	**55,459**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

1. Revenue

Geographical segments				
Europe	1,451,595	1,062,810	0	0
Asia	247,316	212,447	0	0
Africa	342,929	355,413	0	0
	2,041,840	**1,630,668**	**0**	**-3**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

2. Special items

Badwill	28,520	0	28,520	0
	28,520	**0**	**28,520**	**0**

Related to the acquisition of Danforel Group Management identified a badwill of DKK 29 million, which has been recognized respectively as Other operating income and Income from investments in subsidiaries in 2022.

Notes to the Financial Statements

3. Staff Expenses

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	97,640	78,122	0	0
Pensions	3,163	2,390	0	0
Other social security expenses	2,818	681	0	0
Other staff expenses	1,972	1,496	0	0
	105,593	**82,689**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors:				
Executive board	1,962	1,980		
Board of directors	160	160		
	2,122	**2,140**		
Average number of employees	**407**	**341**	**0**	**0**

4. Financial income

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Interest received from group enterprises	0	0	3,633	5,498
Other financial income	5,600	9,722	0	0
Exchange adjustments	0	0	169	284
	5,600	**9,722**	**3,802**	**5,782**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
5. Financial expenses				
Interest paid to group enterprises	4,229	4,212	4,229	4,212
Other financial expenses	25,122	31,528	1,129	454
Exchange adjustments, expenses	0	571	0	571
	29,351	**36,311**	**5,358**	**5,237**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	15,311	10,872	0	90
Deferred tax for the year	-5,117	-4,717	-356	0
Adjustment of tax concerning previous years	6,567	66	4,410	0
	16,761	**6,221**	**4,054**	**90**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
7. Profit allocation				
Proposed dividend for the year	0	5,000	0	5,000
Reserve for net revaluation under the equity method	0	0	7,242	-20,857
Minority interests' share of net profit/loss of subsidiaries	8,105	5,935	0	0
Retained earnings	8,706	14,949	1,464	35,806
	16,811	**25,884**	**8,706**	**19,949**

8. Intangible fixed assets

Group

	Acquired other similar rights	Develop-ment projects in progress
	TDKK	TDKK
Cost at 1 January	250	0
Additions for the year	0	7,987
Cost at 31 December	250	7,987
Impairment losses and amortisation at 1 January	171	0
Amortisation for the year	50	0
Impairment losses and amortisation at 31 December	221	0
Carrying amount at 31 December	**29**	**7,987**

Capitalized development costs relate to the development of cold-pressed oil for pharmaceutical use to meet market demands. The company expects to develop the project further in the coming years and looks positively at the project's sales and earnings opportunities.

9. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	86,449	240,499	28,541
Exchange adjustment	-6,209	-26,730	0
Additions for the year	90,797	62,174	4,751
Disposals for the year	-81	-697	-1,381
Cost at 31 December	170,956	275,246	31,911
Impairment losses and depreciation at 1 January	20,417	126,204	0
Exchange adjustment	-1,352	-14,023	0
Depreciation for the year	5,192	21,962	0
Impairment and depreciation of sold assets for the year	0	-1,374	0
Impairment losses and depreciation at 31 December	24,257	132,769	0
Carrying amount at 31 December	**146,699**	**142,477**	**31,911**

	Parent company	
	2022	2021
	TDKK	TDKK

10. Investments in subsidiaries

	2022	2021
Cost at 1 January	189,059	140,868
Additions for the year	33,000	52,665
Disposals for the year	0	-4,474
Cost at 31 December	222,059	189,059
Value adjustments at 1 January	62,274	63,148
Disposals for the year	0	-374
Exchange adjustment	-22,693	7,756
Net profit/loss for the year	10,704	15,887
Dividend to the Parent Company	-3,724	-24,198
Reversals for the year of revaluations in previous years	0	55
Value adjustments at 31 December	46,561	62,274
Equity investments with negative net asset value transferred to provisions	15,574	13,945
Carrying amount at 31 December	**284,194**	**265,278**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Aller Aqua A/S	Christiansfeld Denmark	TDKK 10.000	100%
Aller Aqua China A/S	Christiansfeld Denmark	TDKK 40.629	54,6%
Aller Aqua (Qingdao) Co. Ltd. (subsidiary of Aller Aqua China A/S)	Qingdao, China	TRMB 38.333	54,6%
Aller Aqua Polska sp. z.o.o	Golub-Dobrzyn, Poland	TPLN 4.573	91%
Aller Aqua Ukraina sp. z.o.o. (subsidiary of Aller Aqua Polska sp. z.o.o)	Okreg Lwowski, Ukraine	TUAH 39	91%
Aller Aqua AM (Armenien) (subsidiary of Aller Aqua Polska sp. z.o.o)	Ararat, Armenia	TEUR 0	91%
Aller Aqua Norway AS	Bergen, Norway	TNOK 100	100%
Seamatech AS (subsidiary of Aller Aqua Norway AS)	Bønes, Norway	TNOK 1.800	100%

Notes to the Financial Statements

Gulen Marine Farm AS (subsidiary of Aller Aqua Norway AS)	Ånneland, Norway	TNOK 200	90%
Vadheim Akvapark AS (subsidiary of Aller Aqua Norway AS)	Høyanger, Norway	TNOK 300	66%
Aller Aqua Ghana Limited	Akosombo, Ghana	TGHS 1.000	90%
Aller Aqua Egypt For Industrialization - S.A.E.	Giza, Egypt	TEGP 23.967	70%
Aller Aqua Balkan d.o.o	Južno-Backi, Serbia	TEUR 0	90%
Aller Aqua Myanmar Holding ApS	Christiansfeld Denmark	TDKK 40	100%
Aller Aqua Myanmar Feed Company Ltd. (subsidiary of Aller Aqua Myanmar Holding ApS)	Kyauktan Township, Myanmar	TUSD 8.500	100%
Aller Aqua Nigeria Limited	Lagos, Nigeria	TNGA 9.019	100%
Aller Aqua AAF (Armenien) (subsidiary of Aller Aqua Polska sp. z.o.o)	Ararat, Armenia	TEUR 0	91%
Opdrætsanlæg ApS (subsidiary of Aller Aqua Group A/S)	Grindsted, Denmark	TDKK 80	100%
Danforel Holding ApS (subsidiary of Aller Aqua Group A/S)	Grindsted, Denmark	TDKK 80	100%
Danforel A/S (subsidiary of Danforel Holding ApS)	Grindsted, Denmark	TDKK 4.000	100%
Euroforellen GmbH (subsidiary of Danforel A/S)	Flensborg, Germany	TDKK 263	100%
Danforel Udstyr A/S (subsidiary of Danforel Holding ApS)	Grindsted, Denmark	TDKK 500	100%
Danforel Ejendomme II ApS (subsidiary of Danforel Holding ApS)	Grindsted, Denmark	TDKK 125	100%
Danforel Olie og Protein A/S (subsidiary of Danforel Holding ApS)	Grindsted, Denmark	TDKK 500	100%
Proby Ingredients A/S (subsidiary of Danforel Olie og Protein A/S)	Grindsted, Denmark	TDKK 500	100%
Danaqua ApS (subsidiary of Danforel Holding ApS)	Grindsted, Denmark	TDKK 125	100%
SIG Fiskeri ApS (subsidiary of Danaqua ApS)	Grindsted, Denmark	TDKK 125	100%
Binderup Mølle Dambrug A/S (subsidiary of Aller Aqua A/S)	Nibe, Denmark	TDKK 5.954	100%

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
11. Investments in associated companies				
Cost at 1 January	25,461	24,961	21,447	21,447
Additions for the year	1,300	500	0	0
Disposals for the year	-4,100	0	0	0
Cost at 31 December	22,661	25,461	21,447	21,447
Value adjustments at 1 January	31,859	30,649	-17,682	-20,041
Exchange adjustment	-216	-1,381	-216	-1,381
Net profit/loss for the year	5,479	3,193	3,679	3,740
Dividends received	0	-602	0	0
Reversals for the year of revaluations in previous years	5,784	0	0	0
Value adjustments at 31 December	42,906	31,859	-14,219	-17,682
Equity investments with negative net asset value transferred to provisions	1,981	7,779	1,981	5,146
Carrying amount at 31 December	**67,548**	**65,099**	**9,209**	**8,911**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
Aller Ejendomsselskab A/S	Christiansfeld Denmark	TDKK 3.000	50%
Aller Aqua Zambia Limited	Lusaka, Zambia	TZMW 10	40%
Emsland Aller Aqua GmbH	Golssen, Germany	TEUR 363	45%

12. Other fixed asset investments

Group

	Other investments
	TDKK
Cost at 1 January	439
Cost at 31 December	439
Carrying amount at 31 December	**439**

13. Inventories

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	81,275	59,093	0	0
Finished goods and goods for resale	170,268	115,087	0	0
Biological assets	28,569	0	0	0
	280,112	**174,180**	**0**	**0**

Notes to the Financial Statements

14. Deferred tax asset

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Deferred tax asset at 1 January	19,830	16,547	0	37
Other adjustments	-1,434	-1,434	1	-37
Amounts recognised in the income statement for the year	5,117	4,717	356	0
Deferred tax asset at 31 December	**15,525**	**19,830**	**357**	**0**
Recognised in the balance sheet as follows:				
Assets	23,914	23,597	357	0
Provisions	8,389	3,767	0	0
	15,525	**19,830**	**357**	**0**

Provision for deferred tax relates to difference between the carrying amount and the tax value of tangible fixed assets, prepayments, inventories and tax loss carried forward.

The deferred tax asset is recognised as it is expected that the company can utilise the tax loss within a few years. The prepared budgets, including the expectations for the future, show that the tax loss is expected to be utilised within a period of 3-5 years.

15. Other provisions

Other provisions for liabilities comprise provisions related to expected local tax claims regarding the group's activities abroad.

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Other provisions	459	2,933	0	0
	459	**2,933**	**0**	**0**

The provisions are expected to mature as follows:

Within 1 year	0	0	0	0
After 5 years	459	2,933	0	0
	459	**2,933**	**0**	**0**

Notes to the Financial Statements

16. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	13,548	0	0	0
Between 1 and 5 years	10,298	0	0	0
Long-term part	23,846	0	0	0
Within 1 year	2,911	0	0	0
	26,757	**0**	**0**	**0**
Credit institutions				
After 5 years	2,193	0	0	0
Between 1 and 5 years	7,748	0	0	0
Long-term part	9,941	0	0	0
Within 1 year	8,603	11,998	0	0
Other short-term debt to credit institutions	370,469	271,953	68,305	30,194
Short-term part	379,072	283,951	68,305	30,194
	389,013	**283,951**	**68,305**	**30,194**
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	50,120	50,983	0	0
Long-term part	50,120	50,983	0	0
Other short-term payables	99,096	49,313	1	0
	149,216	**100,296**	**1**	**0**

Notes to the Financial Statements

17. Cash flow statement - Adjustments

	Group	
	2022	2021
	TDKK	TDKK
Financial income	-5,600	-9,722
Financial expenses	29,351	36,311
Depreciation, amortisation and impairment losses, including losses and gains on sales	28,114	22,798
Income from investments in associates	-5,478	-3,192
Tax on profit/loss for the year	16,761	6,221
Other adjustments	-32,507	8,295
	30,641	**60,711**

18. Cash flow statement - Change in working capital

	Group	
	2022	2021
	TDKK	TDKK
Change in inventories	-64,066	-36,493
Change in receivables	76,030	-123,964
Change in other provisions	-2,474	661
Change in trade payables, etc	33,465	145,079
	42,955	**-14,717**

19. Contingent assets, liabilities and other financial obligations

Charges and security

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
The following assets have been placed as security with bankers:				
A floating charge of TDKK 100.000 has been provided for debts to banks with intangible rights, machinery, inventories and receivables with a book value of	199,036	172,542	0	0

Notes to the Financial Statements

Rental and lease obligations

Lease obligations, period of nonterminability until the 1 January 2030	17,889	20,445	0	0

The company has also entered into operational lease contracts in a limited scale. The lease contracts amounts to TDKK 529.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Hans Erik Bylling Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The parent company has issued an on-demand guarantee for a subsidiary's entreprise's loan with USD 0.3 million equivalent to DKK 2.1 million.

The parent company has issued an on-demand guarantee for an associated entreprise's loan with USD 2.36 million, equivalent to DKK 16.5 million.

The parent company has issued a guarantee of payment for subsidiary's debt to a bank. The debt was DKK 111 million as at 31. december 2022.

The parent company has issued a guarantee of payment for subsidiary's debt to a bank of up to RMB 55.9 million, equivalent to DKK 56.5 million.

The parent company has issued an on-demand guarantee for a subsidiary's entreprise's loan with EUR 0.8 million, equivalent to DKK 6 million.

20. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Hans Erik Bylling	CEO and ultimative owner
Hans Erik Bylling Holding ApS	Parent company
Other related parties	
Carsten Jørgensen	Member of the board of Directors
Henrik Thygesen Halken	Member of the board of Directors
Rolf Manfred Ebbesen	Member of the board of Directors
Anders Carøe Bylling	Member of the board of Directors
Monica Reib	Member of the board of Directors
Erik Munk Poulsen	Member of the board of Directors

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Hans Erik Bylling Holding ApS	Allervej 130, 6070 Christiansfeld

Notes to the Financial Statements

	Group	
	2022	2021
	TDKK	TDKK
21. Fee to auditors appointed at the general meeting		
Audit fee	582	301
Tax advisory services	201	96
Non-audit services	236	137
	1,019	**534**
BDO		
Audit fee	70	128
Other assurance engagements	0	15
Tax advisory services	0	19
	70	**162**
Other auditors		
Audit fee	147	125
Other assurance engagements	13	10
Tax advisory services	0	62
	160	**197**

22. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

23. Accounting policies

The Annual Report of Aller Aqua Group A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Aller Aqua Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

To the extent that the parent company's shareholders have assumed a legal obligation to settle the minority interests by cash payment, this obligation is recognized as a debt obligation and not as a minority interest. The debt obligation is measured at fair value corresponding to the expected redemption amount. Value adjustments are entered as a financial item in the income statement.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Notes to the Financial Statements

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Hans Erik Bylling Holding ApS. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	20-50 years
Other fixtures and fittings, tools and equipment	5-15 years
Plant and machinery	5-15 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

Notes to the Financial Statements

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Inventories consisting of biological assets are measured at fair value. The fair value of the biological assets is determined on the basis of a calculation model recognized in the industry, which shows what the stock is expected to bring in through transactions between independent parties.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Cash Flow Statement

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity