
Aller Aqua Group A/S

Allervej 130, DK-6070 Christiansfeld

Annual Report for 1 January - 31 December 2020

CVR No 30 90 97 55

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/5 2021

Hans Erik Bylling
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Aller Aqua Group A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aller, 20 May 2021

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

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 2020 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 2020 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 2020, 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' 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. 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.

Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Company's and the Group'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 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

Independent Auditor's Report

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.

- 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.

Trekantområdet, 20 May 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen
statsautoriseret revisor
mne30224

Henrik Forthoft Lind
statsautoriseret revisor
mne34169

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

Executive Board

Hans Erik Bylling
Carsten Jørgensen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
DK-7100 Vejle

Financial Highlights

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

	Group				
	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Key figures					
Profit/loss					
Revenue	1.375.897	1.294.905	1.252.865	999.972	944.125
Gross profit/loss	156.124	187.896	127.551	90.099	123.488
EBITDA	78.449	113.883	69.855	39.952	78.902
EBIT	56.742	92.722	56.100	28.385	69.108
Profit/loss before tax	27.773	86.231	49.726	25.734	72.046
Net financials	-28.968	-6.491	-6.374	-2.651	-9.384
Net profit/loss for the year	18.763	66.741	43.395	19.240	53.100
Balance sheet					
Balance sheet total	868.846	858.082	773.604	674.310	583.065
Equity	257.278	222.376	244.315	214.119	225.475
Cash flows					
Cash flows from:					
- operating activities	-16.049	61.954	-30.495	8.435	34.697
- investing activities	-31.956	-6.724	-10.434	-37.415	-83.829
including investment in property, plant and equipment	-38.040	-15.670	-21.840	-37.245	-66.279
- financing activities	47.725	-53.077	30.764	10.290	42.585
Change in cash and cash equivalents for the year	-280	2.153	-10.165	-18.690	-6.547
Number of employees	320	277	258	243	191
Ratios					
Gross margin	11,3%	14,5%	10,2%	9,0%	13,1%
EBITDA margin	5,7%	8,8%	5,6%	4,0%	8,3%
EBIT margin	4,1%	7,2%	4,5%	2,8%	7,3%
Return on assets	6,5%	10,8%	7,3%	4,2%	11,9%
Solvency ratio	29,6%	25,9%	31,6%	31,8%	38,7%
Return on equity	7,8%	28,6%	18,9%	8,8%	23,1%

Financial Highlights

Group				
2020	2019	2018	2017	2016
TDKK	TDKK	TDKK	TDKK	TDKK

In connection with changes to accounting policies, the comparative figures for 2018-2016 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 develop, production and sale of fish feed as well as trading with raw materials related to the production.

Development in the year

The income statement of the Group for 2020 shows a profit of TDKK 18.763, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 257.278.

Production facilities and units in general are improved on a continuous basis. This means that investments are continuously made in existing as well as new production equipment and techniques. In 2020 Aller Aqua Group focused on the increase of its sales and efficiency all over.

The COVID-19 pandemic did affect the group in various ways, however not critically. Some of our clients have not been able to deliver their fish to the HORECA markets, hence we have faced a slowdown in payments. Several Countries especially on the African continent have been hit by weaker economy, which has led to devaluation and loss of buying power, which indirectly have affected our sales volume as well as slowed down payments.

The turmoil on the financial markets has also led to turmoil on the currency rates which will also affect our business in selected markets.

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

In 2020 the Group realized a result of TDKK 18.762 against TDKK 66.741 in 2019. The 2020 result didn't live up to expectations.

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 minimum a result as in 2019.

Management's Review

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.

Statutory statement on corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act

Business model

Aller Aqua ("The Group") is a Danish founded company, which globally including associates employs approximately 500 people at seven different production facilities in seven different countries (Denmark, Germany, Poland, Serbia, Egypt, 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.

During 2020 we have fulfilled our target of sourcing 100% of our soya products from the European region. By doing so we abandon imports from any country where deforestation could be an issue. We aim to source raw materials regionally to minimize transportation and in our product line we also have ecological feed products to meet customer demands. During 2020 appx. 90% of our raw materials to the European factories comes from the region.

Further, in 2020 we have aligned our efforts for lower environmental impact with the UN SDG's focusing on goals no. 13 – Climate Actions and no. 14 – Life below water to further enhance the global sustainability development by further improving aquaculture since aquaculture is the least carbon emitting meat production.

Our fish feed reduces the discharge to water; hence it positively impacts life below water and can provide a source of feed for aquaculture that may reduce the pressure on natural fish stocks.

Management's Review

We have introduced systematic training programs towards our clients, in order to secure best practice and performance, which leads to the lowest environmental impact. 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 CO₂ emissions across all entities.

We have in 2020 started a dedicated process of CO₂ labeling of all our feed types. This process is aimed to be finalized by mid-2021. Since majority of the CO₂ input in fish feeds comes from raw materials we have decided, as probably the first fish feed company worldwide to give our clients the opportunity to choose products according to CO₂ impact.

Human rights and social relations approach

As our activities are spread across the world, and since we have activities that involves a multiple number 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 send to all suppliers and is a part of the supplier approval to the group. During 2020 numerous supplier audits has 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.

At the Zambian factory a new governmental “employment code act” has been implemented.

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. 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 2020.

Management's Review

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.

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 2020, 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 2020.

Statutory statement on gender diversity in accordance with section 99b of the Danish Financial Statements Act

Target for the Board of Directors

Among the six 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 2023 the goal is still to have two women on the Board.

Policy for other management levels

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 2020 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 into management. However, in 2020 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.

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Revenue	2	1.375.897	1.294.905	0	0
Other operating income		5.516	9.597	0	0
Expenses for raw materials and consumables		-1.131.350	-1.003.384	0	0
Other external expenses		-93.939	-113.222	-50	-60
Gross profit/loss		156.124	187.896	-50	-60
Staff expenses	3	-77.675	-74.013	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-21.707	-21.183	0	0
Other operating expenses		0	22	0	0
Profit/loss before financial income and expenses		56.742	92.722	-50	-60
Income from investments in subsidiaries		0	0	21.629	45.352
Income from investments in associates		-3.084	4.553	-7.441	-5.297
Financial income	4	5.621	12.448	2.113	2.116
Financial expenses	5	-31.505	-23.492	-2.227	-1.978
Profit/loss before tax		27.774	86.231	14.024	40.133
Tax on profit/loss for the year	6	-9.011	-19.490	37	-162
Net profit/loss for the year		18.763	66.741	14.061	39.971

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Acquired other similar rights		129	179	0	0
Intangible assets	7	129	179	0	0
Land and buildings		64.390	69.602	0	0
Plant and machinery		107.325	107.360	0	0
Property, plant and equipment in progress		18.111	1.388	0	0
Property, plant and equipment	8	189.826	178.350	0	0
Investments in subsidiaries	9	0	0	220.120	230.541
Investments in associates	10	63.127	65.044	8.699	8.482
Other investments	11	439	1.545	0	0
Fixed asset investments		63.566	66.589	228.819	239.023
Fixed assets		253.521	245.118	228.819	239.023
Inventories	12	137.687	131.273	0	0
Trade receivables		396.051	412.591	0	0
Receivables from group enterprises		0	0	170.062	167.618
Receivables from associates		4.271	1.200	2.580	0
Other receivables		21.220	13.069	140	0
Deferred tax asset	14	20.721	16.563	37	0
Corporation tax		1.152	4.186	0	0
Prepayments		1.203	782	0	0
Receivables		444.618	448.391	172.819	167.618
Cash at bank and in hand		33.020	33.300	1	3
Currents assets		615.325	612.964	172.820	167.621
Assets		868.846	858.082	401.639	406.644

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Share capital		3.100	3.000	3.100	3.000
Reserve for net revaluation under the equity method		0	0	76.754	89.594
Other reserves		-7.142	0	0	0
Retained earnings		244.142	195.181	170.246	100.587
Proposed dividend for the year		0	0	0	15.000
Equity attributable to shareholders of the Parent Company		240.100	198.181	250.100	208.181
Minority interests		17.178	24.195	0	0
Equity		257.278	222.376	250.100	208.181
Provision for deferred tax	14	4.174	4.445	0	0
Provisions relating to investments in group enterprises		0	0	16.104	14.296
Provisions relating to investments in associates		7.517	3.710	7.293	1.732
Other provisions	15	2.272	2.419	0	0
Provisions		13.963	10.574	23.397	16.028
Credit institutions		10.404	23.686	0	0
Other payables		44.828	40.739	0	0
Long-term debt	16	55.232	64.425	0	0

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Credit institutions	16	235.733	165.918	19.749	0
Trade payables		153.809	174.625	43	40
Payables to group enterprises		108.350	142.233	108.350	142.233
Corporation tax		9.403	21.330	0	162
Other payables	16	35.078	56.601	0	40.000
Short-term debt		542.373	560.707	128.142	182.435
Debt		597.605	625.132	128.142	182.435
Liabilities and equity		868.846	858.082	401.639	406.644
Subsequent events	1				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Fee to auditors appointed at the general meeting	21				
Accounting Policies	22				

Statement of Changes in Equity

Group

	Share capital	Share premium	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	TDKK
Equity at 1 January	3.000	0	0	0	190.181	15.000	208.181	54.125	262.306
Net effect of change in accounting policy	0	0	0	0	-10.000	0	-10.000	-29.930	-39.930
Adjusted equity at 1 January	3.000	0	0	0	180.181	15.000	198.181	24.195	222.376
Exchange adjustments	0	0	0	-7.142	0	0	-7.142	-1.807	-8.949
Cash capital increase	100	49.900	0	0	0	0	50.000	0	50.000
Ordinary dividend paid	0	0	0	0	0	-15.000	-15.000	-9.925	-24.925
Other equity movements	0	0	0	0	0	0	0	13	13
Net profit/loss for the year	0	0	0	0	14.061	0	14.061	4.702	18.763
Transfer from share premium account	0	-49.900	0	0	49.900	0	0	0	0
Equity at 31 December	3.100	0	0	-7.142	244.142	0	240.100	17.178	257.278

Statement of Changes in Equity

Parent

	Share capital	Share premium account	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	TDKK
Equity at 1 January	3.000	0	100.587	0	89.594	15.000	208.181	0	208.181
Exchange adjustments	0	0	-7.142	0	0	0	-7.142	0	-7.142
Cash capital increase	100	49.900	0	0	0	0	50.000	0	50.000
Ordinary dividend paid	0	0	0	0	0	-15.000	-15.000	0	-15.000
Net profit/loss for the year	0	0	-16.691	0	30.752	0	14.061	0	14.061
Transfer from share premium account	0	-49.900	0	0	49.900	0	0	0	0
Equity at 31 December	3.100	0	76.754	0	170.246	0	250.100	0	250.100

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 TDKK	2019 TDKK
Net profit/loss for the year		18.763	66.741
Adjustments	17	59.108	51.530
Change in working capital	18	-47.972	-34.467
Cash flows from operating activities before financial income and expenses		29.899	83.804
Financial income		5.621	12.449
Financial expenses		-31.504	-23.492
Cash flows from ordinary activities		4.016	72.761
Corporation tax paid		-20.065	-10.807
Cash flows from operating activities		-16.049	61.954
Purchase of property, plant and equipment		-38.040	-15.670
Fixed asset investments made etc		-1.499	-6.633
Sale of property, plant and equipment		241	553
Sale of fixed asset investments etc		1.106	1.348
Dividends received from associates		6.236	13.678
Cash flows from investing activities		-31.956	-6.724
Repayment of payables to group enterprises		-33.883	0
Raising of loans from credit institutions		56.533	-32.294
Cash capital increase		50.000	0
Dividend paid		-24.925	-20.783
Cash flows from financing activities		47.725	-53.077
Change in cash and cash equivalents		-280	2.153
Cash and cash equivalents at 1 January		33.300	31.147
Cash and cash equivalents at 31 December		33.020	33.300
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		33.020	33.300
Cash and cash equivalents at 31 December		33.020	33.300

Notes to the Financial Statements

1 Subsequent events

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

	Group		Parent	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
2 Revenue				
Geographical segments				
Europe	884.713	759.465	0	0
Asia	199.104	238.625	0	0
Africa	292.080	296.815	0	0
	1.375.897	1.294.905	0	0
3 Staff expenses				
Wages and salaries	72.192	69.040	0	0
Pensions	2.453	1.557	0	0
Other social security expenses	2.085	1.765	0	0
Other staff expenses	945	1.651	0	0
	77.675	74.013	0	0
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	2.266	2.392	0	0
Supervisory Board	160	352	0	0
	2.426	2.744	0	0
Average number of employees	320	277	0	0

Notes to the Financial Statements

	Group		Parent	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
4 Financial income				
Interest received from group enterprises	0	0	2.053	2.116
Interest received from associates	60	0	60	0
Other financial income	5.561	12.448	0	0
	5.621	12.448	2.113	2.116
5 Financial expenses				
Interest paid to group enterprises	1.888	1.716	1.888	1.716
Other financial expenses	29.614	21.514	336	0
Exchange adjustments, expenses	3	262	3	262
	31.505	23.492	2.227	1.978
6 Tax on profit/loss for the year				
Current tax for the year	15.148	23.397	0	162
Deferred tax for the year	-6.145	-4.209	-37	0
Adjustment of tax concerning previous years	8	302	0	0
	9.011	19.490	-37	162
7 Intangible assets				
Group			Acquired other similar rights TDKK	
Cost at 1 January				250
Cost at 31 December				250
Impairment losses and amortisation at 1 January				71
Amortisation for the year				50
Impairment losses and amortisation at 31 December				121
Carrying amount at 31 December				129

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 January	84.692	199.230	1.388
Exchange adjustment	-3.485	-6.258	-43
Additions for the year	0	21.274	18.164
Disposals for the year	0	-1.300	-1.398
Cost at 31 December	<u>81.207</u>	<u>212.946</u>	<u>18.111</u>
Impairment losses and depreciation at 1 January	15.090	91.870	0
Exchange adjustment	-804	-3.500	0
Depreciation for the year	2.531	18.362	0
Reversal for the year of previous years' impairment losses	0	-1.111	0
Impairment losses and depreciation at 31 December	<u>16.817</u>	<u>105.621</u>	<u>0</u>
Carrying amount at 31 December	<u>64.390</u>	<u>107.325</u>	<u>18.111</u>

Notes to the Financial Statements

	Parent	
	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 January	126.651	86.651
Additions for the year	14.278	40.000
Disposals for the year	-61	0
Cost at 31 December	<u>140.868</u>	<u>126.651</u>
Value adjustments at 1 January	89.594	66.745
Exchange adjustment	-10.130	6.060
Net profit/loss for the year	21.629	45.354
Dividend to the Parent Company	-38.006	-7.920
Other adjustments	0	-20.645
Reversals for the year of revaluations in previous years	61	0
Value adjustments at 31 December	<u>63.148</u>	<u>89.594</u>
Equity investments with negative net asset value transferred to provisions	<u>16.104</u>	<u>14.296</u>
Carrying amount at 31 December	<u>220.120</u>	<u>230.541</u>

Notes to the Financial Statements

9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Aller Aqua A/S	Christiansfeld, Denmark	TDKK 10.000	100%
Aller Aqua China A/S	Christiansfeld, Denmark	TDKK 40.629	57%
Aller Aqua (Qingdao) Co. Ltd. (subsidiary of Aller Aqua China A/S)	Qingdao, China	TRMB 38.333	57%
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	61%
Aller Aqua Norway AS	Bergen, Norway	TNOK 100	100%
Seamatech AS (subsidiary of Aller Aqua Norway AS)	Bønes, Norway	TNOK 1.800	100%
Gulen Marine Farm AS (subsidiary of Aller Aqua Norway AS)	Ånneland, Norway	TNOK 200	90%
Aller Aqua Research GmbH	Büsum, Germany	TEUR 25	100%
Aller Aqua Nigeria Limited	Lagos, Nigeria	TNGA 9.019	100%
Aller Aqua Ghana Limited	Akosombo, Ghana	TGHS 1.000	90%
Aller Aqua Egypt For Industrialization - S.A.E.	Giza, Egypt	TEGP 23.967	75%
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%

Notes to the Financial Statements

	Group		Parent	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
10 Investments in associates				
Cost at 1 January	23.462	17.936	21.447	16.221
Additions for the year	1.499	5.526	0	5.226
Cost at 31 December	24.961	23.462	21.447	21.447
Value adjustments at 1 January	37.872	46.067	-14.697	-10.330
Exchange adjustment	2.097	930	2.097	930
Net profit/loss for the year	-3.084	4.553	-7.441	-5.297
Dividends received	-6.236	-13.678	0	0
Value adjustments at 31 December	30.649	37.872	-20.041	-14.697
Equity investments with negative net asset value transferred to provisions	7.517	3.710	7.293	1.732
Carrying amount at 31 December	63.127	65.044	8.699	8.482

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Binderup Mølle Dambrug A/S	Nibe, Denmark	TDKK 509	33%
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%

11 Other fixed asset investments

	Group Other investments TDKK
Cost at 1 January	1.545
Disposals for the year	-1.106
Cost at 31 December	439
Carrying amount at 31 December	439

Notes to the Financial Statements

	Group		Parent	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
12 Inventories				
Raw materials and consumables	55.165	45.268	0	0
Finished goods and goods for resale	82.522	86.005	0	0
	137.687	131.273	0	0
13 Distribution of profit				
Extraordinary dividend paid	0	20.000	0	20.000
Proposed dividend for the year	0	0	0	15.000
Reserve for net revaluation under the equity method	0	266	-16.691	36.503
Minority interests' share of net profit/loss of subsidiaries	4.702	15.731	0	0
Retained earnings	14.061	30.744	30.752	-31.532
	18.763	66.741	14.061	39.971

Notes to the Financial Statements

	Group		Parent	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
14 Deferred tax asset				
Deferred tax asset at 1 January	12.118	8.390	0	0
Amounts recognised in the income statement for the year	6.145	4.209	37	0
Other adjustments	-1.716	-481	0	0
Deferred tax asset at 31 December	16.547	12.118	37	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.

Other provisions	2.272	2.419	0	0
	2.272	2.419	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	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Credit institutions				
Between 1 and 5 years	10.404	23.686	0	0
Long-term part	10.404	23.686	0	0
Within 1 year	11.537	15.250	0	0
Other short-term debt to credit institutions	224.196	150.668	19.749	0
Short-term part	235.733	165.918	19.749	0
	246.137	189.604	19.749	0
Other payables				
Between 1 and 5 years	44.828	40.739	0	0
Long-term part	44.828	40.739	0	0
Other short-term payables	35.078	56.601	0	40.000
	79.906	97.340	0	40.000

Notes to the Financial Statements

	Group	
	<u>2020</u>	<u>2019</u>
	TDKK	TDKK
17 Cash flow statement - adjustments		
Financial income	-5.621	-12.448
Financial expenses	31.505	23.492
Depreciation, amortisation and impairment losses, including losses and gains on sales	21.707	21.183
Income from investments in associates	3.084	-4.553
Tax on profit/loss for the year	9.011	19.490
Other adjustments	-578	4.366
	<u>59.108</u>	<u>51.530</u>
18 Cash flow statement - change in working capital		
Change in inventories	-6.414	2.744
Change in receivables	4.897	-78.825
Change in other provisions	-147	799
Change in trade payables, etc	-46.308	40.815
	<u>-47.972</u>	<u>-34.467</u>

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK

19 Contingent assets, liabilities and other financial obligations

Charges and security

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

157.559	161.850	0	0
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Rental and lease obligations

Lease obligations, period of non-terminability until the 1 January 2030

22.101	24.800	0	0
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The company has also entered into operational lease contracts in a limited scale. The lease contracts amounts to DKK 176 t.

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 un-earned 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 enterprise's loan with mEUR 0,5, equivalent to mDKK 3,7.

The parent company has issued an on-demand guarantee for a subsidiary's enterprise's loan with mUSD 1,5 equivalent to mDKK 9,2.

The parent company has issued an on-demand guarantee for an associated enterprise's loan with mUSD 2,75, equivalent to mDKK 16,8.

Notes to the Financial Statements

	Group		Parent	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
19 Contingent assets, liabilities and other financial obligations (continued)				

The parent company has issued a guarantee of payment for subsidiary's debt to a bank. The debt was mDKK 101 as at 31. december 2020.

The parent company has issued a guarantee of payment for subsidiary's debt to a bank of up to mRMB 34,7, equivalent to mDKK 32,3.

The parent company has issued an on-demand guarantee for a subsidiary's enterprise's loan with mEUR 0,8, equivalent to mDKK 6.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
Hans Erik Bylling	CEO and ultimate owner
Hans Erik Bylling Holding ApS	Parent company
Other related parties	
Carsten Jørgensen	Member of the board of Directors
Henrik Thygesen Halten	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

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 consolidated report for the parent company

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

Notes to the Financial Statements

	Group		Parent	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	TDKK	TDKK	TDKK	TDKK
21 Fee to auditors appointed at the general meeting				
PwC				
Audit fee	345	348	39	50
Tax advisory services	95	190	8	0
Other services	162	135	7	0
	<u>602</u>	<u>673</u>	<u>54</u>	<u>50</u>
BDO				
Audit fee	115	99	0	0
Tax advisory services	19	25	0	0
Other services	15	20	0	0
	<u>149</u>	<u>144</u>	<u>0</u>	<u>0</u>
Other auditors				
Audit fee	80	85	0	0
Tax advisory services	62	135	0	0
	<u>142</u>	<u>220</u>	<u>0</u>	<u>0</u>
	<u>893</u>	<u>1.037</u>	<u>54</u>	<u>50</u>

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Aller Aqua Group A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

Changes in accounting policies

Accounting policies have been changed in accordance with a change in interpretation regarding business combinations, where the main purpose is to harmonize the principles according to the annual accounts and IFRS. Accounting policies have been changed so that insofar as 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 liability is measured at fair value corresponding to the expected redemption amount. Value adjustments as a financial item in the income statement.

The Group has adjusted the comparative figures, which is why the Group's equity in 2019 was reduced by DKK 10 million, minority interests reduced by DKK 30 million and Other debt increased by DKK 40 million.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

Revenue

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

Income Statement

Revenue

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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

Balance Sheet

Intangible 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.

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 raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Investments in subsidiaries and associates

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

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 inter-company 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. 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.

Notes to the Financial Statements

22 Accounting Policies (continued)

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Financial debts

Loans, such as 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

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

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.

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.

Notes to the Financial Statements

22 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
EBITDA margin	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{EBIT} \times 100}{\text{Revenue}}$