

Bioceval Denmark A/S

Lundagervej 21, 8722 Hedensted

CVR no. 32 33 41 21

Annual report 2019

Approved at the Company's annual general meeting on 7 May 2020

Chairman:


.....
Jan Isager





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Bioceval Denmark A/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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

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

Hedensted, 16 April 2020
Executive Board:

.....
Christian Bisgaard

Board of Directors:

.....
Lars Krause-Kjær
Chairman

.....
Anders Jeppesen Jensen

.....
Christian Bisgaard

Independent auditor's report

To the shareholders of Bioceval Denmark A/S

Opinion

We have audited the financial statements of Bioceval Denmark A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company 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 rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 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 as to 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 the 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 internal control.

Independent auditor's report

- ▶ 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 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 Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 16 April 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Jes Lauritzen
State Authorised Public Accountant
mne10121



Christian Jøker
State Authorised Public Accountant
mne31471

Management's review

Company details

Name	Bioceval Denmark A/S
Address, Postal code, City	Lundagervej 21, 8722 Hedensted
CVR no.	32 33 41 21
Established	6 February 2014
Registered office	Hedensted
Financial year	1 January - 31 December
Board of Directors	Lars Krause-Kjær, Chairman Anders Jeppesen Jensen Christian Bisgaard
Executive Board	Christian Bisgaard
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The Company's main activity is trading of by-productes from the fish-processing industry.

Financial review

The income statement for 2019 shows a loss of DKK 172 thousand against a loss of DKK 335 thousand last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 7,435 thousand.

Due to the loss reported in the financial statements, equity is negative and totals DKK -7,435 thousand, and the Company's share capital is thereby lost. Due to the Company's financial position, an agreement has been reached with the Company's lender to extend the existing loan, which amounted to DKK 11,205 thousand at 31 December 2019, until March 2021. Management assesses that the Company's cash resources thereby will cover at least 12 months after the financial year end and thus be adequate to ensure that the Company's financial statements for 2019 can be presented based on a going concern assumption.

Furthermore, Management expects that the Company's capital base will be re-established in future, if required through additional capital injection.

Outlook

The Company expects to report a minor loss for the 2020 financial year as the Company's activities for the coming financial year are expected to be limited.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	783,578	690,426
2	Staff costs	-624,667	-661,336
	Other operating expenses	-43,779	0
	Profit before net financials	115,132	29,090
	Financial income	107,979	113,047
3	Financial expenses	-442,858	-570,936
	Profit/loss before tax	-219,747	-428,799
4	Tax for the year	47,842	94,204
	Profit/loss for the year	-171,905	-334,595
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-171,905	-334,595
		-171,905	-334,595

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
5	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	0	672,747
		0	672,747
	Total fixed assets	0	672,747
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	2,391,338	2,373,490
	Joint taxation contribution receivable	83,042	141,104
	Other receivables	69,298	1,997,331
		2,543,678	4,511,925
	Cash	768,885	0
	Assets relating to discontinued operations	672,747	0
	Total non-fixed assets	3,985,310	4,511,925
	TOTAL ASSETS	3,985,310	5,184,672
	EQUITY AND LIABILITIES		
	Equity		
6	Share capital	600,000	600,000
	Retained earnings	-8,035,216	-7,863,311
	Total equity	-7,435,216	-7,263,311
	Provisions		
	Deferred tax	42,400	7,200
	Total provisions	42,400	7,200
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Payables to group enterprises	11,204,550	11,200,950
	Other payables	21,079	0
		11,225,629	11,200,950
	Current liabilities other than provisions		
	Bank debt	0	942,932
	Trade payables	40,627	139,317
	Other payables	111,870	157,584
		152,497	1,239,833
	Total liabilities other than provisions	11,378,126	12,440,783
	TOTAL EQUITY AND LIABILITIES	3,985,310	5,184,672

- 1 Accounting policies
- 2 Staff costs
- 8 Contractual obligations and contingencies, etc.
- 9 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	600,000	-7,863,311	-7,263,311
Transfer through appropriation of loss	0	-171,905	-171,905
Equity at 31 December 2019	600,000	-8,035,216	-7,435,216

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Bioceval Denmark A/S for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Revenue from the sale of finished goods comprising sale of fishmeal and other fish by-products is recognised in the income statement provided that delivery and transfer of risk have taken place before year-end and that the income can be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment 3-8 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the expected taxable income and deferred tax adjustments for the year. The amount of tax for the year relating to the profit/loss for the year is recognised in the income statement, whereas the amount relating to transactions taken to equity is recognised in equity.

The Company is subject to the Danish rules on compulsory joint taxation with the parent company, SARIA Denmark ApS.

The Parent Company is the administration company under the joint taxation and accordingly pays all corporation taxes to the tax authorities. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies which are entitled to a tax refund are reimbursed by the administration company according to the rates applicable to interest allowances; and jointly taxed companies which have paid too little tax pay a surcharge to the administration company according to the rates applicable to interest surcharges.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Receivables

Receivables are measured at amortised cost.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Discontinued operations

Assets relating to discontinued operations comprise fixed assets expected to be sold in connection with the discontinued operations and disposal groups, which are defined as a group of assets which are to be disposed of together as a group in a single transaction. Liabilities associated with assets relating to discontinued operations are liabilities directly associated with these assets and which are to be transferred in the transaction. Assets are classified as assets relating to discontinued operations where their carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups relating to discontinued operations are measured at the lower of the carrying amount at the date of the reclassification as "discontinued operations" and the fair value less costs to sell. Assets are not depreciated or amortised once classified as "discontinued operations".

Discontinued operations comprise a separate, major line of business whose activities and cash flows are clearly distinguishable, operationally and for financial reporting purposes, from the Company's other lines of business and where the line of business has either been disposed of or separated as held for sale and the sale is expected to be effected within one year in accordance with a formal plan. Discontinued operations also include entities which are classified as "held for sale" in connection with the acquisition.

The profit/loss from discontinued operations and value adjustments after tax of related assets and liabilities and gains and losses on disposal are presented as a separate line item in the income statement, and comparative figures are restated accordingly. Revenue, expenses, value adjustments and tax relating to discontinued operations are disclosed in the notes. Assets and relating liabilities in respect of discontinued operations are presented as separate line items in the balance sheet without restatement of comparative figures, and the main items are specified in the notes.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

DKK	2019	2018
2 Staff costs		
Wages/salaries	555,286	599,832
Pensions	56,364	55,716
Other social security costs	13,017	5,788
	624,667	661,336
 Average number of full-time employees	 1	 1

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

DKK	2019	2018
3 Financial expenses		
Interest expenses, group entities	308,023	307,526
Other financial expenses	134,835	263,410
	442,858	570,936
 4 Tax for the year		
Estimated tax charge for the year	-83,042	-141,104
Deferred tax adjustments in the year	35,200	46,900
	-47,842	-94,204

Financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

DKK	<u>Fixtures and fittings, other plant and equipment</u>
Cost at 1 January 2019	1,510,981
Additions	0
Transferred	-672,747
Cost at 31 December 2019	<u>838,234</u>
Impairment losses and depreciation at 1 January 2019	838,234
Depreciation	0
Impairment losses and depreciation at 31 December 2019	<u>838,234</u>
Carrying amount at 31 December 2019	<u><u>0</u></u>
Depreciated over	<u>3-8 years</u>

6 Share capital

The share capital consists of 6,000 shares of DKK 100 nominal value each.

Analysis of changes in the share capital over the past 5 years:

DKK	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Opening balance	600,000	600,000	600,000	600,000	500,000
Capital increase	0	0	0	0	100,000
	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment more than 5 years after the balance sheet date.

8 Contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish group companies in the SARIA Denmark ApS Group. As a group company, the Company is jointly and severally liable together with the other group companies included in the joint taxation for Danish corporation taxes and withholding taxes on dividends, interest and royalties. The jointly taxed companies' total known net liabilities to SKAT are stated in the administration company's financial statements. Any subsequent corrections to the joint taxation income and withholding taxes, etc. may increase the Company's liability.



Financial statements 1 January - 31 December

Notes to the financial statements

9 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
SARIA Denmark ApS	Hedensted	www.cvr.dk