



CARNAD A/S

Falstervej 6
9670 Løgstør
CVR No. 34580375

Annual report 2021

The Annual General Meeting adopted the
annual report on 09.02.2022

Johnny Koch
Conductor

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Entity details

Entity

CARNAD A/S

Falstervej 6

9670 Løgstør

Business Registration No.: 34580375

Registered office: Vesthimmerlands kommune

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Asbjørn Berge, chairman

Marie Terese Seest Jensen

Gert Jørn Kjeldsen

Executive Board

Johnny Koch

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Østre Havnepromenade 26, 4th floor

9000 Aalborg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of CARNAD A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Løgstør, 09.02.2022

Executive Board

Johnny Koch

Board of Directors

Asbjørn Berge
chairman

Marie Terese Seest Jensen

Gert Jørn Kjeldsen

Independent auditor's report

To the shareholders of CARNAD A/S

Opinion

We have audited the financial statements of CARNAD A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Aalborg, 09.02.2022

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Chris Bay Bindslev

State Authorised Public Accountant

Identification No (MNE) mne36029

Management commentary

Primary activities

Carnad is engaged in production and development of clean label kokumi powder, broths and extracts for the food industry.

Carnad addresses the global political agenda of circularity. Valuable side streams/by-products are processed into recognizable consumer products with high sustainability and low energy consumption.

Carnads kokumi extracts substitutes MSG, yeast extracts and aroma substances, E-numbers. All products are free from additives. We expect increased demand for our products.

Carnad offers clean label kokumi products from more than 22 different types of raw material, conventional, organic as well as Halal.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		11,564,306	8,045,842
Staff costs	1	(4,138,421)	(3,932,756)
Depreciation, amortisation and impairment losses		(1,532,437)	(1,391,948)
Operating profit/loss		5,893,448	2,721,138
Other financial income		4,307	15,005
Other financial expenses	2	(551,897)	(1,555,187)
Profit/loss before tax		5,345,858	1,180,956
Tax on profit/loss for the year	3	(1,178,694)	(262,273)
Profit/loss for the year		4,167,164	918,683
Proposed distribution of profit and loss			
Retained earnings		4,167,164	918,683
Proposed distribution of profit and loss		4,167,164	918,683

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	5	411,658	556,949
Goodwill		65,427	226,958
Intangible assets	4	477,085	783,907
Land and buildings		11,470,720	11,768,014
Plant and machinery		4,532,355	4,886,409
Property, plant and equipment in progress		8,196,125	0
Property, plant and equipment	6	24,199,200	16,654,423
Fixed assets		24,676,285	17,438,330
Raw materials and consumables		125,000	100,000
Manufactured goods and goods for resale		3,450,000	3,300,000
Inventories		3,575,000	3,400,000
Trade receivables		3,260,168	2,675,274
Other receivables		632,299	263,098
Prepayments		82,030	134,962
Receivables		3,974,497	3,073,334
Cash		1,866,988	0
Current assets		9,416,485	6,473,334
Assets		34,092,770	23,911,664

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		594,558	594,558
Share premium		2,777,688	2,777,688
Reserve for development expenditure		321,093	434,420
Retained earnings		9,125,790	4,845,299
Equity		12,819,129	8,651,965
Deferred tax		529,000	490,000
Provisions		529,000	490,000
Mortgage debt		3,277,781	1,298,342
Bank loans		6,640,000	5,998,785
Lease liabilities		4,490,142	655,942
Payables to shareholders and management		0	494,648
Non-current liabilities other than provisions	7	14,407,923	8,447,717
Current portion of non-current liabilities other than provisions	7	2,094,290	1,159,805
Bank loans		0	3,310,134
Trade payables		2,656,186	684,446
Income tax payable		977,694	203,273
Other payables		445,559	963,027
Deferred income		162,989	1,297
Current liabilities other than provisions		6,336,718	6,321,982
Liabilities other than provisions		20,744,641	14,769,699
Equity and liabilities		34,092,770	23,911,664
Unrecognised rental and lease commitments	8		
Assets charged and collateral	9		

Statement of changes in equity for 2021

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	594,558	2,777,688	434,420	4,845,299	8,651,965
Transfer to reserves	0	0	(113,327)	113,327	0
Profit/loss for the year	0	0	0	4,167,164	4,167,164
Equity end of year	594,558	2,777,688	321,093	9,125,790	12,819,129

Notes

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	3,738,299	3,554,218
Pension costs	338,539	322,473
Other social security costs	61,583	56,065
	4,138,421	3,932,756
Average number of full-time employees	6	6

2 Other financial expenses

	2021 DKK	2020 DKK
Other interest expenses	335,190	401,367
Exchange rate adjustments	77,239	0
Other financial expenses	139,468	1,153,820
	551,897	1,555,187

3 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax	1,139,694	203,273
Change in deferred tax	39,000	59,000
	1,178,694	262,273

4 Intangible assets

	Completed development projects DKK	Goodwill DKK
Cost beginning of year	726,455	1,615,308
Cost end of year	726,455	1,615,308
Amortisation and impairment losses beginning of year	(169,506)	(1,388,350)
Amortisation for the year	(145,291)	(161,531)
Amortisation and impairment losses end of year	(314,797)	(1,549,881)
Carrying amount end of year	411,658	65,427

5 Development projects

Completed production projects comprises development and test of new production facilities which is implemented to achieve greater effectiveness and productivity in the production. The company has experienced a raise in yield from the production facility since the implementation.

6 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Property, plant and equipment in progress DKK
Cost beginning of year	13,407,769	7,446,714	0
Additions	0	556,157	8,196,125
Cost end of year	13,407,769	8,002,871	8,196,125
Depreciation and impairment losses beginning of year	(1,639,755)	(2,560,305)	0
Depreciation for the year	(297,294)	(910,211)	0
Depreciation and impairment losses end of year	(1,937,049)	(3,470,516)	0
Carrying amount end of year	11,470,720	4,532,355	8,196,125
Recognised assets not owned by entity		597,257	5,490,715

7 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Mortgage debt	165,000	189,405	3,277,781	2,615,381
Bank loans	990,000	744,229	6,640,000	2,680,000
Lease liabilities	939,290	139,715	4,490,142	0
Debt to other credit institutions	0	86,456	0	0
	2,094,290	1,159,805	14,407,923	5,295,381

8 Unrecognised rental and lease commitments

	2021 DKK	2020 DKK
Liabilities under rental or lease agreements until maturity in total	52,063	66,671

9 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties of a nominal value of DKK 13,474,000. The mortgage also comprises the plant and machinery deemed part of the property.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on buildings and production plant all monies mortgage (floating charge) of a nominal value of DKK 5,000,000 on trade receivables, operating equipment, goodwill and other intangible assets and inventories.

The carrying amount of mortgaged properties is DKK 11,420,704. The carrying amount of mortgaged production plant is DKK 5,136,608, the carrying amount of mortgaged goodwill is DKK 65,427, the carrying amount of mortgaged inventories is DKK 3,575,000 and the carrying amount of mortgaged trade receivables is DKK 3,260,167.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned. Grants awarded for acquisition of assets are recognised as deferred income in the balance sheet, which is taken to income on a straight-line basis over the useful life of the asset.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises exchange gains on transactions in foreign currencies and cash discount received.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Plant and machinery	5-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.