



Triplenine Group A/S

Trafikhavnskaj 9
6700 Esbjerg
CVR No. 35476601

Annual report 2021

The Annual General Meeting adopted the
annual report on 26.04.2022

Torben Svejgård

Chairman of the General Meeting

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Entity details

Entity

Triplene Group A/S

Trafikhavnskaj 9

6700 Esbjerg

Business Registration No.: 35476601

Registered office: Esbjerg

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Torben Svejgård

Kenneth Lande Klokk, formand

Hans Peter Koppernæs

Executive Board

Jes Bjerregaard, adm. dir.

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Triplene Group 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 consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows 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.

Esbjerg, 15.03.2022

Executive Board

Jes Bjerregaard

adm. dir.

Board of Directors

Torben Svejgård

Kenneth Lande Klokk

formand

Hans Peter Koppernæs

Independent auditor's report

To the shareholders of Triplene Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Triplene Group 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Esbjerg, 15.03.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen

State Authorised Public Accountant
Identification No (MNE) mne24824

John Lindvig Christiansen

State Authorised Public Accountant
Identification No (MNE) mne26846

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Revenue	2,052,204	2,162,088	1,786,656	1,602,953	1,846,167
Gross profit/loss	270,750	361,041	291,356	259,954	307,189
Operating profit/loss	51,664	156,022	89,569	60,699	110,675
Net financials	(3,189)	(27,775)	(7,641)	(19,105)	2,149
Profit/loss for the year	28,828	118,702	58,010	24,436	110,836
Profit for the year excl. minority interests	28,822	118,681	58,007	24,432	110,836
Balance sheet total	1,295,971	1,469,880	1,289,678	1,222,345	1,102,004
Investments in property, plant and equipment	35,339	41,079	40,594	36,715	65,278
Equity	681,810	637,754	560,720	564,038	593,912
Equity excl. minority interests	681,565	637,515	560,502	563,823	593,701
Ratios					
Gross margin (%)	13.19	16.70	16.31	16.22	16.64
Net margin (%)	1.40	5.49	3.25	1.52	6.00
Return on equity (%)	4.37	19.81	10.32	4.22	15.96
Equity ratio (%)	52.59	43.37	43.46	46.13	53.87

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year excl. minority interests}}{\text{Average equity excl. minority interests}} * 100$

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Group's primary activities are to manufacture and sell fish meal and fish oil.

The Group carries on its activities through the subsidiaries:

- TripleNine Sales A/S (Denmark)
- TripleNine Thyboroen A/S (Denmark)
- TripleNine Vedde AS (Norway)
- Lota Vedde Dos S.A. (Chile)
- Lota Protein S.A (Chile)
- Pesquera Lota Protein LTDA (Chile)
- TripleNine Asia PTE LTD (Singapore)
- Losseselskabet 999 A/S (Denmark)
- TripleNine Esbjerg A/S (Denmark)
- TripleNine Services Esbjerg A/S (Denmark)
- Essi A/S (Denmark)

In addition, the Company has activities in the partly owned companies of Fiskeriselskabet 2bis ApS (Denmark) and Fosnavåg Pelagic AS (Norway).

Development in activities and finances

The company has merged with Triple Fish A/S with effect from 01.01.2021.

Group revenue reached DKK 2,052m in 2021 against DKK 2,162m in 2020.

In 2021, the Group's companies manufactured fish meal and fish oil on a slightly lower volume than 2020 in accordance with expectations. Sales prices were on same level as 2020 but prices on raw materials were relatively higher.

Especially in Chile the relatively high volume and yields contributed to a very positive result - also due to better utilization of the capacity.

Sales volume in 2021 in the total group were marginally lower than 2020, due to lower produced volumes but the difference is limited as the stocks are lower by the end of 2021.

Investments 2021 saw DKK 35m worth of investments in property, plant and equipment against DKK 41m in 2020.

Profit/loss for the year in relation to expected developments

Profit for the year is DKK 29m for 2021 compared to DKK 119m for 2020 and is lower than expected and unsatisfactory. This negative deviation is coming from the Danish activities where unbalance in raw material volumes and prices compared with the achieved sales prices has led to a loss.

Outlook

In 2022, expectations are that the fierce competition of the supply of raw materials will continue and we expect even lower volumes in Denmark.

The price trend of fish meal and fish oil as well as raw materials will also have a major impact on the earnings performance in 2022. However, in total an improved profit for 2022 is expected (approximately at the level from

2019).

Regarding the impact of COVID-19, we refer to note 1.

As a whole, we therefore assess as of today 2022 to be unchanged from the time when the budget was made.

Use of financial instruments

Price risks

In most cases, the group companies buy raw materials before any sale, which involves a risk.

Currency risks

As a consequence of activities abroad, the Group's results, cash flows and equity are affected by the exchange rate and interest rate movements of a number of currencies – US dollar and Norwegian kroner in particular. The Group hedges its currency positions upon signed contracts in forward exchange currencies. No speculative foreign currency transactions are conducted.

Credit risks

The bulk of products is sold through appropriate procedures for managing credit risks, and historically the company has suffered few credit losses.

Research and development activities

Throughout 2021, the Company continued its efforts to attract knowledge resources in various areas of activity in order to strengthen its competitive position and ongoing developments.

Statutory report on corporate social responsibility

The Company's report on corporate social responsibility (S 99a Danish Financial Statements Act) may be downloaded from its website:

<https://www.999.dk/media/1459/triplene-group-csr-report-2021.pdf>

Here the Company's report on the underrepresented gender in the supreme governing body (S 99b Danish Financial Statements Act) is also evident as is a description of the specific measures the Company has launched to create a gender balance at the other management levels.

Statutory report on the underrepresented gender

Please refer to the description above under "statutory report on corporate social responsibility".

Statutory report on data ethics policy

Please refer to the description above under "statutory report on corporate social responsibility".

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Furthermore, we refer to the description in note 1, regarding COVID-19.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	2	2,052,204	2,162,088
Other operating income		77,928	54,809
Cost of sales		(1,614,077)	(1,578,384)
Other external expenses	3	(245,305)	(277,472)
Gross profit/loss		270,750	361,041
Staff costs	4	(169,797)	(170,878)
Depreciation, amortisation and impairment losses	5	(49,127)	(34,086)
Other operating expenses		(162)	(55)
Operating profit/loss		51,664	156,022
Income from investments in associates		4,036	19,377
Other financial income	6	20,210	13,282
Other financial expenses	7	(23,399)	(41,057)
Profit/loss before tax		52,511	147,624
Tax on profit/loss for the year	8	(23,683)	(28,922)
Profit/loss for the year	9	28,828	118,702

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Acquired licences		7,137	7,069
Goodwill		342	315
Intangible assets	10	7,479	7,384
Land and buildings		123,034	122,348
Other fixtures and fittings, tools and equipment		179,881	186,069
Property, plant and equipment in progress		5,413	8,605
Property, plant and equipment	11	308,328	317,022
Receivables from group enterprises		604	57,170
Investments in associates		40,512	35,789
Other investments		504	504
Other receivables		51,163	56,087
Financial assets	12	92,783	149,550
Fixed assets		408,590	473,956
Raw materials and consumables		55,760	37,928
Manufactured goods and goods for resale		236,210	461,884
Inventories		291,970	499,812

Trade receivables		143,260	131,933
Receivables from group enterprises	13	375,715	160,435
Receivables from associates		3,422	3,839
Other receivables		54,614	77,817
Tax receivable		0	2,687
Prepayments	14	14,881	12,184
Receivables		591,892	388,895
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Cash		3,519	107,217
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Current assets		887,381	995,924
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Assets		1,295,971	1,469,880
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Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital	15	20,000	20,000
Retained earnings		661,565	617,515
Equity belonging to Parent's shareholders		681,565	637,515
Equity belonging to minority interests		245	239
Equity		681,810	637,754
Deferred tax	16	7,732	14,269
Other provisions	17	6,659	5,437
Provisions		14,391	19,706
Payables to group enterprises		0	132,000
Other payables		26	10,136
Deferred income		1,945	2,029
Non-current liabilities other than provisions	19	1,971	144,165
Current portion of non-current liabilities other than provisions	19	85	17,085
Bank loans		14,445	0
Trade payables		63,519	138,210
Payables to group enterprises		436,973	337,899
Payables to associates		0	102,540
Tax payable		6,220	0
Other payables		76,557	72,521
Current liabilities other than provisions		597,799	668,255
Liabilities other than provisions		599,770	812,420
Equity and liabilities		1,295,971	1,469,880
Events after the balance sheet date	1		
Financial instruments	21		
Unrecognised rental and lease commitments	22		
Contingent liabilities	23		
Assets charged and collateral	24		
Transactions with related parties	25		
Group relations	26		
Subsidiaries	27		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000	Total DKK'000
Equity beginning of year	20,000	617,515	637,515	239	637,754
Effect of mergers and business combinations	0	1,981	1,981	0	1,981
Exchange rate adjustments	0	35,425	35,425	0	35,425
Other entries on equity	0	(22,178)	(22,178)	0	(22,178)
Profit/loss for the year	0	28,822	28,822	6	28,828
Equity end of year	20,000	661,565	681,565	245	681,810

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		51,664	156,022
Amortisation, depreciation and impairment losses		49,127	34,086
Working capital changes	20	(71,384)	5,424
Cash flow from ordinary operating activities		29,407	195,532
Financial income received		20,210	13,282
Financial expenses paid		(23,399)	(41,057)
Taxes refunded/(paid)		(21,331)	(36,903)
Other cash flows from operating activities		31,376	(22,824)
Cash flows from operating activities		36,263	108,030
Acquisition etc. of property, plant and equipment		(35,339)	(41,079)
Sale of property, plant and equipment		112	16
Acquisition of fixed asset investments		0	(6,243)
Other cash flows from investing activities		61,490	6,184
Cash flows from investing activities		26,263	(41,122)
Free cash flows generated from operations and investments before financing		62,526	66,908
Repayments of loans etc.		(149,000)	(17,000)
Long term working capital changes		(8,972)	4,275
Withholding tax		(20,339)	0
Bank loan year end		14,445	0
Other cash flows from financing activities		(2,358)	2,461
Cash flows from financing activities		(166,224)	(10,264)

Increase/decrease in cash and cash equivalents	(103,698)	56,644
Cash and cash equivalents beginning of year	107,217	50,573
Cash and cash equivalents end of year	3,519	107,217
Cash and cash equivalents at year-end are composed of:		
Cash	3,519	107,217
Cash and cash equivalents end of year	3,519	107,217

Notes to consolidated financial statements

1 Events after the balance sheet date

We do not have any events from the balance sheet date and until now which are changing the evaluation of the annual report

We have assessed the current situation and the potential effects of the COVID-19 until now.

It is our opinion that COVID-19 in this period have no major influence on the activities and the expectations are that this will continue throughout 2022.

As a whole, we therefore assess as of today 2022 to be unchanged compared to the budget time.

2 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	110,066	109,814
Other countries	1,942,138	2,052,274
Total revenue by geographical market	2,052,204	2,162,088

3 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	825	871
Tax services	431	764
Other services	750	714
	2,006	2,349

4 Staff costs

	2021	2020
	DKK'000	DKK'000
Wages and salaries	151,063	150,008
Pension costs	9,160	9,350
Other social security costs	9,574	11,520
	169,797	170,878
Average number of full-time employees	284	288

	Remuneration of manage- ment 2021 DKK'000	Remuneration of manage- ment 2020 DKK'000
Total amount for management categories	4,290	4,475
	4,290	4,475

5 Depreciation, amortisation and impairment losses

	2021	2020
	DKK'000	DKK'000
Amortisation of intangible assets	537	591
Depreciation on property, plant and equipment	48,683	48,102
Impairment losses on property, plant and equipment	0	(14,592)
Profit/loss from sale of intangible assets and property, plant and equipment	(93)	(15)
	49,127	34,086

The subsidiary TripleNine Esbjerg A/S is now using more of its production facilities and there has been a stable growth in the earning on its products.

The impairment loss of DKK 59.2m in 2014 was therefore no longer considered relevant to maintain - and the remaining net value at DKK 14.6 million at 1 January 2020 has therefore been reversed in 2020.

6 Other financial income

	2021	2020
	DKK'000	DKK'000
Financial income from group enterprises	3,289	4,581
Other interest income	970	1,669
Exchange rate adjustments	10,412	6,013
Other financial income	5,539	1,019
	20,210	13,282

7 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	13,239	8,856
Other interest expenses	137	5,744
Exchange rate adjustments	6,363	21,168
Other financial expenses	3,660	5,289
	23,399	41,057

8 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Current tax	30,220	26,148
Change in deferred tax	(6,537)	2,796
Adjustment concerning previous years	0	(22)
	23,683	28,922

9 Proposed distribution of profit/loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	28,822	118,681
Minority interests' share of profit/loss	6	21
	28,828	118,702

10 Intangible assets

	Acquired licences	Goodwill
	DKK'000	DKK'000
Cost beginning of year	66,388	35,286
Exchange rate adjustments	6,041	2,554
Cost end of year	72,429	37,840
Amortisation and impairment losses beginning of year	(59,319)	(34,971)
Exchange rate adjustments	(5,436)	(2,527)
Amortisation for the year	(537)	0
Amortisation and impairment losses end of year	(65,292)	(37,498)
Carrying amount end of year	7,137	342

11 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	195,235	617,090	8,605
Exchange rate adjustments	6,784	25,903	0
Transfers	0	9,384	(9,384)
Additions	7,149	21,998	6,192
Disposals	0	(3,096)	0
Cost end of year	209,168	671,279	5,413
Depreciation and impairment losses beginning of year	(72,887)	(431,021)	0
Exchange rate adjustments	(5,254)	(22,725)	0
Depreciation for the year	(7,993)	(40,690)	0
Reversal regarding disposals	0	3,038	0
Depreciation and impairment losses end of year	(86,134)	(491,398)	0
Carrying amount end of year	123,034	179,881	5,413

12 Financial assets

	Receivables from group enterprises DKK'000	Investments in associates DKK'000	Other investments DKK'000	Other receivables DKK'000
Cost beginning of year	57,170	15,525	4,102	71,842
Exchange rate adjustments	5,207	794	200	(1,366)
Additions	604	0	0	6,520
Disposals	(62,377)	0	0	(10,186)
Cost end of year	604	16,319	4,302	66,810
Revaluations beginning of year	0	20,264	0	0
Exchange rate adjustments	0	(107)	0	0
Share of profit/loss for the year	0	4,036	0	0
Revaluations end of year	0	24,193	0	0
Impairment losses beginning of year	0	0	(3,598)	(15,755)
Exchange rate adjustments	0	0	(200)	(1,435)
Impairment losses for the year	0	0	0	1,543
Impairment losses end of year	0	0	(3,798)	(15,647)
Carrying amount end of year	604	40,512	504	51,163

Associates	Registered in	Ownership %
Fiskeriselskabet 2bis ApS	Esbjerg	33,3
Fosnavaag Pelagic A/S	Herøy, Norway	44,6
Muelle Pesquera Maria Isabel Ltda.	Chile	32

13 Receivables from group enterprises

The accounts "receivables from group enterprises" and "payables to group enterprises" include net present with the group's financial institution, which is part of the group's cash pool arrangement and therefore presented as an intercompany balance (internal group bank).

In "receivables from group enterprises" the cash pool arrangement amounts to DKK 375,7 million (153,3 last year)

In "payables to group enterprises" the cash pool arrangement amounts to DKK 429,9 million (336,8 last year)

14 Prepayments

Prepayments comprise prepaid expenses regarding 2022.

15 Contributed capital

	Number	Nominal value DKK'000
Shares	20,000	20,000
	20,000	20,000

16 Deferred tax

	2021 DKK'000	2020 DKK'000
Property, plant and equipment	12,533	12,561
Inventories	6,969	7,197
Receivables	(4,345)	(5,489)
Tax losses carried forward	(7,425)	0
Deferred tax	7,732	14,269

	2021 DKK'000	2020 DKK'000
Changes during the year		
Beginning of year	14,269	11,265
Recognised in the income statement	(6,537)	2,796
Recognised directly in equity	0	208
End of year	7,732	14,269

17 Other provisions

Other provisions primarily comprise provisions for the settlement of foreign operations.

18 Deferred income

Prepayments recognized under liabilities relate to received plant grants which are amortized over the life of the associated assets.

19 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Payables to group enterprises	0	17,085	0	0
Other payables	0	0	26	0
Deferred income	85	0	1,945	1,607
	85	17,085	1,971	1,607

20 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	207,842	30,329
Increase/decrease in receivables	(205,684)	(137,929)
Increase/decrease in trade payables etc.	(73,542)	113,024
	(71,384)	5,424

21 Derivative financial instruments

TripleNine Sales A/S has entered into forward exchange contracts for currency hedging of future sales denominated in NOK, EUR and USD for a total of approx. DKK 111,507k. The contracts expires in the period january - september 2022. Compared to the forward rate at the balance sheet date, the contracts have a positiv value of approx. DKK 599k.

The unrealised exchange adjustment has been deducted the equity and reconciled in other receiveables.

22 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	8,515	7,603

23 Contingent liabilities

In the Danish subsidiary TripleNine Thyborøn A/S is the following in the notes:

In December 2019, the customs authorities requested the Company to submit various documentation for the Company' import of industrial fish and fish waste in the period 29.03.2017 to 08.11.2019. The Company submitted the requested documentation end of 2019 but has not yet received the customs authorities' response to this.

With the customs authorities' inquiry and their request for information, it cannot be precluded that a future latent risk exists that the Company will be faced with a customs claim similar to those raised against others in the

fishmeal industry in Denmark.

According to the Company, a possible customs claim will amount to a maximum of DKK 17 mill., but the Company does not expect such case, if any, to lead to a customs payment.

Tax on conversion of corporate form

One of the subsidiaries, TripleNine Thyborøn A/S, was originally a co-operative society (TripleNine Fish Protein a.m.b.a.).

Effective from the financial year 2007/08, this company is no longer subject to co-operative society taxation, but to ordinary company taxation.

At the time of transition to ordinary company taxation, the assets accumulated during the period of co-operative society taxation had been determined. These assets are taxed when the company makes distributions or pays for the acquisition of its own share certificates. The tax rate is 50%.

The above assets which have been accumulated during the period of co-operative society taxation have for TripleNine Fish Protein a.m.b.a. been calculated at DKK 204,200k.

TripleNine Fish Protein A/S succeeded in TripleNine Fish Protein a.m.b.a.'s tax position as part of the conversion into a public liability company on 01.11.2012, and as part of the demerger of TripleNine Fish Protein A/S on 01.01.2013 into:

TripleNine A/S
Polar Omega Holding A/S

a binding ruling was obtained from SKAT (the Danish Tax Administration) concerning the accounting for the tax on conversion of corporate form.

75% remains with TripleNine A/S whereas the balance of 25% has been transferred to Polar Omega Holding A/S

Consequently, TripleNine A/S' share of the assets can be calculated at 75% of DKK 204,200k, equivalent to DKK 153,150k, and the 50% tax charged thereon is DKK 76,575k.

In 2020 the co-operative tax has been transferred to TripleNine Services Esbjerg A/S.

The amount will be charged to equity of TripleNine Services Esbjerg A/S as and when the company makes distributions.

24 Assets charged and collateral

Effective from October 2020, the Group's loans and financial credits has entered into a new group funding arrangement. With the Parent, Koppernæs Protein AS, being the contracting party with the bank.

At 31.12.2021, approx. DKK 115m had been drawn on the credit facilities, and the following has been provided as collateral to the Group's bank:

- A floating charge for DKK 360,000k on TripleNine Thyborøn A/S' property, plant and equipment, trade receivables and inventories (31.12.2021: carrying amount of DKK 394,697k).
- A floating charge for DKK 10,000k on TripleNine Esbjerg A/S' intangible assets, property, plant and equipment, trade receivables and inventories (31.12.2021: carrying amount of DKK 145,476k).
- Mortgages registered to mortgagors for DKK 37,092k on the properties of TripleNine Thyborøn A/S (31.12.2021: carrying amount of DKK 53,060k).
- Mortgages registered to mortgagors for DKK 28,890k on the properties of TripleNine Services Esbjerg A/S (31.12.2021: carrying amount of DKK 32,079k).
- Charge for NOK 50,000k on TripleNine Vedde AS' trade receivables (31.12.2021: carrying amount of DKK 4,926k).
- Shares held by TripleNine Group A/S in TripleNine Thyborøn A/S (31.12.2021: carrying amount of DKK 364,324k).
- Shares held by TripleNine Group A/S in TripleNine Sales A/S (31.12.2021: carrying amount of DKK 15,992k).
- Shares held by TripleNine Group A/S in TripleNine Vedde AS (including the Lota Companies) (31.12.2021: carrying amount of DKK 424,780k)*.
- Shares held by TripleNine Thyborøn A/S in TripleNine Esbjerg A/S (31.12.2021: carrying amount of DKK 126,902k).
- Shares held by TripleNine Thyborøn A/S in TripleNine Services Esbjerg A/S (31.12.2021: carrying amount of DKK 153,919k).
- A negative pledge in trade receivables in TripleNine Sales A/S (31.12.2021: carrying amount of DKK 60,027k).

*The carrying amount of the charged assets in the foreign subsidiaries from the official annual reports (without eliminations) can be specified as:

TripleNine Vedde AS - total assets of DKK264.276k and equity DKK 225.338k

Lota companies - total assets of DKK 268.462k and equity 229.264k

The specifications on the charged assets in the danish subsidiaries can be found in the official annual reports.

TripleNine Thyborøn A/S has provided a guarantee for 15% of the bank loans in Vestjysk Bank of the associate, Fiskeriselskabet 2bis ApS. At 31.12.2021, the total debts amount to DKK 98,371k. Furthermore, the shares in Fiskeriselskabet 2bis ApS may not be sold or pledged without the consent of the Group's main bank (31.12.2021: carrying amount of DKK 28,178k).

Finally, a maximum guarantee for NOK 1900m and DKK 372m has been provided to the Group's bank for its total balances with the companies of TripleNine Group A/S.

25 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

26 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Koppernæs Protein AS, Breivika industriveg 4, 6018 Ålesund, Norway

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
TripleNine Group A/S, Trafikhavnskaj 9, 6700 Esbjerg

The consolidated financial statements of Koppernæs Protein A/S may be ordered at this address:
bjarte.andreassen@koppernes.no

27 Subsidiaries

	Registered in	Corporate form	Ownership %
Triplenine Thyborøn A/S	Denmark	A/S	100
TripleNine Vedde A/S	Norway	A/S	100
Lota Vedde Dos S.A	Chile	S.A	100
Lota Protein S.A	Chile	S.A	100
Presquera Lota Protein	Chile	LTDA	100
TripleNine Asia PTE LTD	Singapore	LTD	100
Losseselskabet 999 A/S	Denmark	A/S	54,6
TripleNine Esbjerg A/S	Denmark	A/S	100
TripleNine Services Esbjerg A/S	Denmark	A/S	100
Essi A/S	Denmark	A/S	100
TripleNine Sales A/S	Denmark	A/S	100

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Revenue	1	26,525	26,456
Other external expenses	2	(13,551)	(15,886)
Gross profit/loss		12,974	10,570
Staff costs	3	(20,455)	(18,574)
Operating profit/loss		(7,481)	(8,004)
Income from investments in group enterprises		35,875	135,715
Other financial income	4	6,616	201
Other financial expenses	5	(8,032)	(14,025)
Profit/loss before tax		26,978	113,887
Tax on profit/loss for the year	6	1,844	4,794
Profit/loss for the year	7	28,822	118,681

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		804,186	1,064,334
Financial assets	8	804,186	1,064,334
Fixed assets		804,186	1,064,334
Receivables from group enterprises		10,281	16,763
Deferred tax	9	1,122	0
Tax receivable		2,210	2,687
Joint taxation contribution receivable		4,781	7,509
Prepayments	10	1,115	1,053
Receivables		19,509	28,012
Current assets		19,509	28,012
Assets		823,695	1,092,346

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		20,000	20,000
Reserve for net revaluation according to equity method		148,536	276,620
Retained earnings		513,029	340,895
Equity		681,565	637,515
Payables to group enterprises		0	132,000
Other payables		0	874
Non-current liabilities other than provisions	11	0	132,874
Current portion of non-current liabilities other than provisions	11	0	17,000
Trade payables		1,301	2,079
Payables to group enterprises		131,695	191,172
Payables to associates		0	102,540
Joint taxation contribution payable		4,058	0
Other payables		5,076	9,166
Current liabilities other than provisions		142,130	321,957
Liabilities other than provisions		142,130	454,831
Equity and liabilities		823,695	1,092,346
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Related parties with controlling interest	15		
Transactions with related parties	16		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	20,000	276,620	340,895	637,515
Effect of mergers and business combinations	0	0	1,981	1,981
Exchange rate adjustments	0	35,425	0	35,425
Other entries on equity	0	(22,178)	0	(22,178)
Profit/loss for the year	0	(141,331)	170,153	28,822
Equity end of year	20,000	148,536	513,029	681,565

Notes to parent financial statements

1 Revenue

	2021 DKK'000	2020 DKK'000
Denmark	25,063	25,073
Other countries	1,462	1,383
Total revenue by geographical market	26,525	26,456

2 Fees to the auditor appointed by the Annual General Meeting

	2021 DKK'000	2020 DKK'000
Statutory audit services	64	63
Tax services	240	386
Other services	313	214
	617	663

3 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	18,384	17,140
Pension costs	952	865
Other staff costs	1,119	569
	20,455	18,574

Average number of full-time employees	18	16
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	Remuneration of Management 2021 DKK'000	Remuneration of Management 2020 DKK'000
Total amount for management categories	1,839	1,872
	1,839	1,872

Remuneration to management is based on an estimate of the time taken by the board of directors, as management is included as member of the management in several of the Group's companies. The management remuneration is partly paid by the group company and is settled by the company in the paid management fee.

4 Other financial income

	2021	2020
	DKK'000	DKK'000
Financial income from group enterprises	1,150	201
Other financial income	5,466	0
	6,616	201

5 Other financial expenses

	2021	2020
	DKK'000	DKK'000
Financial expenses from group enterprises	7,980	5,969
Other interest expenses	52	2,757
Other financial expenses	0	5,299
	8,032	14,025

6 Tax on profit/loss for the year

	2021	2020
	DKK'000	DKK'000
Change in deferred tax	(1,122)	0
Adjustment concerning previous years	0	(58)
Refund in joint taxation arrangement	(722)	(4,736)
	(1,844)	(4,794)

7 Proposed distribution of profit and loss

	2021	2020
	DKK'000	DKK'000
Retained earnings	28,822	118,681
	28,822	118,681

8 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	467,184
Additions	15,000
Cost end of year	482,184
Revaluations beginning of year	597,150
Exchange rate adjustments	35,425
Adjustments on equity	(22,178)
Share of profit/loss for the year	31,315
Adjustment of intra-group profits	4,560
Dividend	(324,270)
Revaluations end of year	322,002
Carrying amount end of year	804,186

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

9 Deferred tax

	2021 DKK'000
Tax losses carried forward	1,122
Deferred tax	1,122

	2021 DKK'000
Changes during the year	
Recognised directly in equity	1,122
End of year	1,122

Deferred tax assets

Management expects to use the tax asset within 3-5 years with future profits in the joint taxation arrangement.

10 Prepayments

Prepayments comprise prepaid expenses regarding 2022.

11 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000
Payables to group enterprises	17,000
	17,000

12 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	845	1,051

13 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

14 Assets charged and collateral

Effective from October 2020, the Group's loans and financial credits has entered into a new group funding arrangement. With the Parent, Koppernæs Protein AS, being the contracting party with the bank.

At 31.12.2021, approx. DKK115m had been drawn on the credit facilities, and the following has been provided as collateral to the Group's bank:

- A floating charge for DKK 360,000k on TripleNine Thyborøn A/S' property, plant and equipment, trade receivables and inventories (31.12.2021: carrying amount of DKK 394,697k).
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- Shares held by TripleNine Group A/S in TripleNine Vedde AS (including the Lota Companies) (31.12.2021: carrying amount of DKK 424,780k)*.
- Shares held by TripleNine Thyborøn A/S in TripleNine Esbjerg A/S (31.12.2021: carrying amount of DKK 126,902k).
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- A negative pledge in trade receivables in TripleNine Sales A/S (31.12.2021: carrying amount of DKK 60,027k).

*The carrying amount of the charged assets in the foreign subsidiaries from the official annual reports (without eliminations) can be specified as: TripleNine Vedde AS - total assets of DKK264.276k and equity DKK 225.338k Lota companies - total assets of DKK 268.462k and equity 229.264k

The specifications on the charged assets in the danish subsidiaries can be found in the official annual reports.

TripleNine Thyborøn A/S has provided a guarantee for 15% of the bank loans in Vestjysk Bank of the associate, Fiskeriselskabet 2bis ApS. At 31.12.2021, the total debts amount to DKK 98,371k. Furthermore, the shares in Fiskeriselskabet 2bis ApS may not be sold or pledged without the consent of the Group's main bank (31.12.2021: carrying amount of DKK 28,178k).

Finally, a maximum guarantee for NOK 1900m and DKK 372m has been provided to the Group's bank for its total balances with the companies of TripleNine Group A/S.

15 Related parties with controlling interest

Related parties having control

- Koppernæs Protein AS, Breivika Industrivej 4, Ålesund, Norway

hold all shares in the Company and so exercise control.

16 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report.

No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The modified uniting-of-interests method is applied to reverse vertical mergers in which the participating entities are subject to the Parent's control. Under this method, assets and liabilities of the participating entities are recognised at the amounts at which they are recognised in the consolidated financial statements of the parent forming part of the merger. Vertical mergers are recognised at the merger date without restatement of comparative figures.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

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 from the sale of services is recognised in the income statement when delivery is made 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. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, 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, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

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. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. 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 acquired licenses for fishing rights.

Acquired licenses are measured at cost less accumulated amortisation. Licences are amortised over the term of the agreement, but over no more than 40 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 as well as 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. Investments under 60,000 DKK is reconciled in the profit and loss.

if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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	25-50 years
Other fixtures and fittings, tools and equipment	3-15 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.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Investments in group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant group enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

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

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

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 on 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.

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.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

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

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Other provisions

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.