
Baltic Pulses & Proteins A/S

Sydhavnsgade 1, DK-7000 Aarhus C

Annual Report for 2022

CVR No. 39 18 87 67

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 28/4 2023

Susanne Gade
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's statement	1
Independent Auditor's report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's review	6
Financial Statements	
Income statement 1 January - 31 December	7
Balance sheet 31 December	8
Statement of changes in equity	10
Notes to the Financial Statements	11

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Baltic Pulses & Proteins A/S for the financial year 1 January - 31 December 2022.

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

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

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Aarhus C, 28 April 2023

Executive Board

Simon Christensen
Manager

Board of Directors

Klaus G. Andersen
Chairman

Simon Christensen

Torben Herman Christensen

Niels Jørgen Andersen

Jørgen Snedgaard Clausen

Susanne Devantier Gade

Kim Gubbi Jørgensen

Independent Auditor's report

To the shareholders of Baltic Pulses & Proteins A/S

Opinion

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

We have audited the Financial Statements of Baltic Pulses & Proteins A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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.

Trekantområdet, 28 April 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Forthoft Lind

State Authorised Public Accountant

mne34169

Company information

The Company	Baltic Pulses & Proteins A/S Sydhavnsgade 1 DK-7000 Aarhus C CVR No: 39 18 87 67 Financial period: 1 January - 31 December Municipality of reg. office: Aarhus
Board of Directors	Klaus G. Andersen, chairman Simon Christensen Torben Herman Christensen Niels Jørgen Andersen Jørgen Snedgaard Clausen Susanne Devantier Gade Kim Gubbi Jørgensen
Executive board	Simon Christensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 7100 Vejle

Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	12,905	12,193	10,783	-40	1,801
Profit/loss of ordinary primary operations	9,163	10,320	8,951	-1,712	431
Profit/loss of financial income and expenses	-570	-509	-877	-727	-609
Net profit/loss	6,860	7,802	6,880	-2,513	-140
Balance sheet					
Balance sheet total	123,521	96,642	65,199	48,321	50,368
Investment in property, plant and equipment	5,206	16,991	625	1,581	16,451
Equity	29,788	26,928	19,126	12,246	14,760
Ratios					
Return on assets	7.4%	10.7%	13.7%	-3.6%	0.9%
Solvency ratio	24.1%	27.9%	29.3%	25.3%	29.3%
Return on equity	24.2%	33.9%	43.9%	-18.6%	-1.9%

Management's review

Key activities

The object of the Company will be to (i) establish and manage an independent product line which, according to Danish statutory provisions, is to be owned by the parties and to (ii) process broad beans and potentially other legumes (iii) with a view to distributing fish feed products in the Baltic Sea region.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 6,859,780, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 29,787,616.

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

The result for the year is assessed as satisfactory and as expected.

Targets and expectations for the year ahead

The company expects a result in 2023 at the same level as 2022.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 DKK
Gross profit		12,905,480	12,193,254
Depreciation and impairment losses of property, plant and equipment		-3,742,132	-1,872,787
Profit/loss before financial income and expenses		9,163,348	10,320,467
Financial income		14,474	118,816
Financial expenses	1	-584,476	-627,421
Profit/loss before tax		8,593,346	9,811,862
Tax on profit/loss for the year	2	-1,733,566	-2,010,163
Net profit/loss for the year	3	6,859,780	7,801,699

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Plant and machinery		30,366,862	28,902,534
Property, plant and equipment	4	30,366,862	28,902,534
Fixed assets		30,366,862	28,902,534
Inventories	5	63,840,968	21,907,214
Trade receivables		7,083,087	6,523,496
Receivables from group enterprises		0	25,199
Other receivables		11,140,526	4,434,210
Prepayments	6	157,381	184,674
Receivables		18,380,994	11,167,579
Cash at bank and in hand		10,932,053	34,664,233
Current assets		93,154,015	67,739,026
Assets		123,520,877	96,641,560

Balance sheet 31 December

Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		14,900,000	14,900,000
Retained earnings		10,887,616	8,027,836
Proposed dividend for the year		4,000,000	4,000,000
Equity		29,787,616	26,927,836
Provision for deferred tax	7	2,692,079	2,185,805
Provisions		2,692,079	2,185,805
Payables to group enterprises		17,427,802	12,296,149
Long-term debt	8	17,427,802	12,296,149
Trade payables		43,835,086	40,672,237
Payables to group enterprises		10,821,829	8,341,079
Corporation tax		1,227,292	917,488
Other payables		17,729,173	5,300,966
Short-term debt		73,613,380	55,231,770
Debt		91,041,182	67,527,919
Liabilities and equity		123,520,877	96,641,560
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Subsequent events	11		
Accounting Policies	12		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	14,900,000	8,027,836	4,000,000	26,927,836
Ordinary dividend paid	0	0	-4,000,000	-4,000,000
Net profit/loss for the year	0	2,859,780	4,000,000	6,859,780
Equity at 31 December	14,900,000	10,887,616	4,000,000	29,787,616

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	DKK	DKK
1. Financial expenses		
Interest paid to group enterprises	299,082	450,012
Other financial expenses	138,493	87,836
Exchange adjustments, expenses	146,901	89,573
	<u>584,476</u>	<u>627,421</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
2. Income tax expense		
Current tax for the year	1,227,292	917,488
Deferred tax for the year	506,274	1,092,675
Adjustment of tax concerning previous years	0	101,192
Adjustment of deferred tax concerning previous years	0	-101,192
	<u>1,733,566</u>	<u>2,010,163</u>

	<u>2022</u>	<u>2021</u>
	DKK	DKK
3. Profit allocation		
Proposed dividend for the year	4,000,000	4,000,000
Retained earnings	2,859,780	3,801,699
	<u>6,859,780</u>	<u>7,801,699</u>

Notes to the Financial Statements

4. Property, plant and equipment

	Plant and machinery
	DKK
Cost at 1 January	35,648,449
Additions for the year	5,206,460
Cost at 31 December	<u>40,854,909</u>
Impairment losses and depreciation at 1 January	6,745,915
Depreciation for the year	3,742,132
Impairment losses and depreciation at 31 December	<u>10,488,047</u>
Carrying amount at 31 December	<u>30,366,862</u>
Amortised over	<u>5-10 years</u>

5. Inventories

	2022	2021
	DKK	DKK
Inventories - Raw materials and consumables	24,039,635	17,755,227
Inventories - Finished goods and goods for resale	39,801,333	4,151,987
	<u>63,840,968</u>	<u>21,907,214</u>

6. Prepayments

Prepayments consist of prepaid expenses.

2022	2021
DKK	DKK

7. Provision for deferred tax

Deferred tax liabilities at 1 January	2,185,805	1,194,322
Amounts recognised in the income statement for the year	506,274	991,483
Deferred tax liabilities at 31 December	<u>2,692,079</u>	<u>2,185,805</u>

Notes to the Financial Statements

8. Long-term debt

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

The debt falls due for payment as specified below:

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Payables to group enterprises		
After 5 years	0	0
Between 1 and 5 years	<u>17,427,802</u>	<u>12,296,149</u>
Long-term part	<u>17,427,802</u>	<u>12,296,149</u>
Within 1 year	0	0
Other short-term debt to group enterprises	<u>10,821,829</u>	<u>8,341,079</u>
Short-term part	<u>10,821,829</u>	<u>8,341,079</u>
	<u>28,249,631</u>	<u>20,637,228</u>

9. Contingent assets, liabilities and other financial obligations

Contingent liabilities

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

Notes to the Financial Statements

10. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Kalundborg Holding A/S	Ultimate parent company
Aarhus Protein A/S	Parent company

Transactions

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

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Kalundborg Holding A/S	Kalundborg

11. Subsequent events

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

Notes to the Financial Statements

12. Accounting policies

The Annual Report of Baltic Pulses & Proteins A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of , the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Translation policies

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

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

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

Income statement

Net sales

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

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

Notes to the Financial Statements

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

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

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

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

Plant and machinery 5-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Inventories

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

Notes to the Financial Statements

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

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

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

Receivables

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

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial debts

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

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

Notes to the Financial Statements

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$