
Baltic Pulses & Proteins A/S

Sydhavnsgade 1, DK-8000 Aarhus C

Annual Report for 1 January - 31 December 2021

CVR No 39 18 87 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /4 2022

Susanne Gade
Chairman of the General
Meeting



pwc

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Baltic Pulses & Proteins A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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

Fredericia, 4 April 2022

Executive Board

Simon Christensen
CEO

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 Shareholder 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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 Financials 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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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

Independent Auditor's Report

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, 4 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Forthoft Lind
statsautoriseret revisor
mne34169

Company Information

The Company

Baltic Pulses & Proteins A/S
Sydhavnsgade 1
DK-8000 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
DK-7100 Vejle

Financial Highlights

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

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK
Key figures				
Profit/loss				
Gross profit/loss	12.193	10.783	-40	1.801
Operating profit/loss	10.320	8.951	-1.712	431
Net financials	-509	-877	-727	-609
Net profit/loss for the year	7.802	6.880	-2.513	-140
Balance sheet				
Balance sheet total	96.642	65.199	48.321	50.368
Equity	26.928	19.126	12.246	14.760
Investment in property, plant and equipment	-16.991	-625	-1.581	-16.451
Ratios				
Return on assets	10,7%	13,7%	-3,6%	0,9%
Solvency ratio	27,9%	29,3%	25,3%	29,3%
Return on equity	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 2021 shows a profit of DKK 7,801,699, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 26,927,836.

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 2022 at the same level as 2021.

Subsequent events

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

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit/loss		12.193.254	10.782.636
Depreciation, amortisation and impairment of property, plant and equipment		<u>-1.872.787</u>	<u>-1.831.540</u>
Profit/loss before financial income and expenses		10.320.467	8.951.096
Financial income		118.816	5.686
Financial expenses	1	<u>-627.421</u>	<u>-882.770</u>
Profit/loss before tax		9.811.862	8.074.012
Tax on profit/loss for the year	2	<u>-2.010.163</u>	<u>-1.194.322</u>
Net profit/loss for the year		<u>7.801.699</u>	<u>6.879.690</u>

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Plant and machinery		28.902.534	13.784.824
Property, plant and equipment	3	28.902.534	13.784.824
Fixed assets		28.902.534	13.784.824
Inventories	4	21.907.214	24.309.848
Trade receivables		6.523.496	677.965
Receivables from group enterprises		25.199	0
Other receivables		4.434.210	5.702.796
Prepayments	5	184.674	382.139
Receivables		11.167.579	6.762.900
Cash at bank and in hand		34.664.233	20.341.734
Currents assets		67.739.026	51.414.482
Assets		96.641.560	65.199.306

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		14.900.000	14.900.000
Retained earnings		8.027.836	4.226.137
Proposed dividend for the year		4.000.000	0
Equity		26.927.836	19.126.137
Provision for deferred tax	7	2.185.805	1.194.322
Provisions		2.185.805	1.194.322
Payables to group enterprises		12.296.149	18.070.661
Long-term debt	8	12.296.149	18.070.661
Trade payables		40.672.237	24.822.950
Payables to group enterprises	8	8.341.079	1.719.636
Corporation tax		917.488	0
Other payables		5.300.966	265.600
Short-term debt		55.231.770	26.808.186
Debt		67.527.919	44.878.847
Liabilities and equity		96.641.560	65.199.306
Distribution of profit	6		
Contingent assets, liabilities and other financial obligations	9		
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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	4.226.137	0	19.126.137
Net profit/loss for the year	0	3.801.699	4.000.000	7.801.699
Equity at 31 December	14.900.000	8.027.836	4.000.000	26.927.836

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	DKK	DKK
1 Financial expenses		
Interest paid to group enterprises	450.012	423.903
Other financial expenses	87.836	368.762
Exchange adjustments, expenses	89.573	90.105
	<u>627.421</u>	<u>882.770</u>
2 Tax on profit/loss for the year		
Current tax for the year	917.488	0
Deferred tax for the year	1.092.675	1.194.322
Adjustment of tax concerning previous years	101.192	0
Adjustment of deferred tax concerning previous years	-101.192	0
	<u>2.010.163</u>	<u>1.194.322</u>
3 Property, plant and equipment		
		<u>Plant and machinery</u>
		DKK
Cost at 1 January		18.657.952
Additions for the year		<u>16.990.497</u>
Cost at 31 December		<u>35.648.449</u>
Impairment losses and depreciation at 1 January		4.873.128
Depreciation for the year		<u>1.872.787</u>
Impairment losses and depreciation at 31 December		<u>6.745.915</u>
Carrying amount at 31 December		<u>28.902.534</u>
Depreciated over		<u>5-10 years</u>

Notes to the Financial Statements

	<u>2021</u> DKK	<u>2020</u> DKK
4 Inventories		
Raw materials and consumables	17.755.227	17.906.524
Finished goods and goods for resale	<u>4.151.987</u>	<u>6.403.324</u>
	<u>21.907.214</u>	<u>24.309.848</u>
5 Prepayments		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.		
6 Distribution of profit		
Proposed dividend for the year	4.000.000	0
Retained earnings	<u>3.801.699</u>	<u>6.879.690</u>
	<u>7.801.699</u>	<u>6.879.690</u>
7 Provision for deferred tax		
Provision for deferred tax at 1 January	1.194.322	0
Amounts recognised in the income statement for the year	<u>991.483</u>	<u>1.194.322</u>
Provision for deferred tax at 31 December	<u>2.185.805</u>	<u>1.194.322</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>2021</u> DKK	<u>2020</u> DKK
Payables to group enterprises		
Between 1 and 5 years	12.296.149	18.070.661
Long-term part	12.296.149	18.070.661
Other short-term debt to group enterprises	8.341.079	1.719.636
	<u>20.637.228</u>	<u>19.790.297</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 ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

10 Related parties

Basis

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.

Notes to the Financial Statements

10 Related parties (continued)

Consolidated Financial Statements

The company is included in the consolidated report for the parent company

Name	Place of registered office
Kalundborg Holding A/S	Kalundborg

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Baltic Pulses & Proteins A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2021 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 Kalundborg Holding A/S, 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.

Notes to the Financial Statements

11 Accounting Policies (continued)

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

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit/loss

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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.

Notes to the Financial Statements

11 Accounting Policies (continued)

Tax on profit/loss for the year

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

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
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Inventories

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

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

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

Notes to the Financial Statements

11 Accounting Policies (continued)

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 equity 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.

Notes to the Financial Statements

11 Accounting Policies (continued)

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.

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

Financial Highlights

Explanation of financial ratios

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