

Nordic Harvest A/S

Litauen Alle 13, Hoeje Taastrup
DK-2630 Taastrup

CVR no. 40 33 77 92

Annual report 2020

The annual report was presented and approved at the
Company's annual general meeting on

21 June 2021

Anders Riemann
Chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Nordic Harvest A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

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

Taastrup, 21 June 2021
Executive Board:

Anders Ostenfeld Riemann

Board of Directors:

Michael Ingemann Nielsen
Chairman

Lars Ostenfeld Riemann

Jesper Hansen

Henrik Christensen

Eric Alan Rapp

Silja Nyboe Andersen

Independent auditor's report

To the shareholders of Nordic Harvest A/S

Opinion

We have audited the financial statements of Nordic Harvest A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 21 June 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Nordic Harvest A/S
Annual report 2020
CVR no. 40 33 77 92

Management's review

Company details

Nordic Harvest A/S
Litauen Alle 13
Hoeje Taastrup
2630 Taastrup
Denmark

CVR no.:	40 33 77 92
Established:	12 March 2019
Financial year:	1 January – 31 December

Board of Directors

Michael Ingemann Nielsen, Chairman
Lars Ostenfeld Riemann
Jesper Hansen
Henrik Christensen
Eric Alan Rapp
Silja Nyboe Andersen

Executive Board

Anders Ostenfeld Riemann

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

Nordic Harvest is a food production company that grows vegetables using indoor vertical farming technology. Vertical farming is a sustainable production method that allows us to optimise yields and reduce our environmental impact. We will supply locally grown salads, herbs and other crops with more flavour, greater nutritional value and longer shelf life than traditionally grown vegetables. We never use genetic engineering, pesticides or other toxic chemicals in our production.

Development in activities and financial position

In February 2020 the Company completed a capital increase and subscription of shares to the amount of DKK 52 million from 59 investors, allowing us to commence the construction of our production facilities in Taastrup, Denmark.

The Company managed to complete the construction with minimal negative impact from the COVID-19 pandemic.

The establishment of Nordic Harvest and the vertical farming technology have attracted great interest in Denmark and abroad. The story of the Company has been covered by a number of Danish media and we have been mentioned more than 500 times internationally, which we see as a testament to the growing interest in new solutions for a healthier food system.

The Company's income statement for 2020 shows a profit of DKK -5,346,701 as against DKK -182,220 in 2019. Equity in the Company's balance sheet at 31 December 2020 stood at DKK 46,520,577 as against DKK -132,220 at 31 December 2019. Management views this as a satisfactory result in line with expectations as the Company did not have any revenues in 2020 and its sole activities were related to the construction of our production facilities.

Events after the balance sheet date

The Company has experienced significant interest from retail and food service customers, although the latter of course have been hit by the COVID-19 related restrictions. We shipped our first products to the retail market in late April 2021 and Nordic Harvest salads and herbs can now be enjoyed by consumers all over Denmark.

In April 2021 the Company raised an additional DKK 9,7 million in equity from existing investors to help provide a larger funding buffer and secure working capital.

Based on Management's assessment of budgets, progress of the production and preliminary sales, and available credit lines, the Company has sufficient working capital to reach expected positive operating liquidity.

Besides the above no events have occurred since the end of the financial year that could have significantly affected the company's financial position.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2020	2019
Gross loss		-4,537,883	-225,054
Staff costs	2	-2,124,822	0
Other financial income		85	0
Other financial expenses		-192,125	-2,279
Loss before tax		-6,854,745	-227,333
Tax on loss for the year	3	1,508,044	45,113
Loss for the year		-5,346,701	-182,220
Proposed distribution of loss			
Retained earnings		-5,346,701	-182,220
		-5,346,701	-182,220

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Property, plant and equipment			
	4		
Plant and machinery		35,060	35,060
Leasehold improvements		32,543	0
Property, plant and equipment in progress		<u>37,085,995</u>	<u>519,501</u>
		<u>37,153,598</u>	<u>554,561</u>
Investments			
Deposits		<u>37,800</u>	<u>0</u>
Total fixed assets		<u>37,191,398</u>	<u>554,561</u>
Current assets			
Receivables			
Other receivables		603,862	194,875
Deferred tax asset		1,553,157	45,113
Prepayments		<u>4,558,736</u>	<u>0</u>
		<u>6,715,755</u>	<u>239,988</u>
Cash at bank and in hand		<u>5,119,919</u>	<u>0</u>
Total current assets		<u>11,835,674</u>	<u>239,988</u>
TOTAL ASSETS		<u><u>49,027,072</u></u>	<u><u>794,549</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		497,072	50,000
Share premium		51,552,426	0
Retained earnings		<u>-5,528,921</u>	<u>-182,220</u>
Total equity		<u>46,520,577</u>	<u>-132,220</u>
Liabilities			
Non-current liabilities			
Lease obligations	5	<u>447,701</u>	<u>0</u>
Current liabilities			
Banks, current liabilities		41,913	2,279
Trade payables		1,600,546	724,376
Other payables		416,335	0
Payables to shareholders and Management		<u>0</u>	<u>200,114</u>
		<u>2,058,794</u>	<u>926,769</u>
Total liabilities		<u>2,506,495</u>	<u>926,769</u>
TOTAL EQUITY AND LIABILITIES		<u>49,027,072</u>	<u>794,549</u>
Contractual obligations	6		
Mortgages and collateral	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2020	50,000	0	-182,220	-132,220
Cash capital increase	447,072	51,552,426	0	51,999,498
Transferred over the distribution of loss	0	0	-5,346,701	-5,346,701
Equity at 31 December 2020	497,072	51,552,426	-5,528,921	46,520,577

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Nordic Harvest A/S for 2020 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Income statement

Gross profit/loss

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit/loss.

Other external costs

Other external costs comprise costs related to sales, administration etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

Plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life:

Plant and machinery	10 years
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Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment. Assets under construction comprise costs related to the construction of production facilities and are not depreciated until the facility is taken into use.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments and deferred income

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Liabilities

Liabilities are measured at net realisable value.

Financial statements 1 January – 31 December

Notes

2 Staff costs

	2020	2019
DKK		
Wages and salaries	2,111,834	0
Other social security costs	12,988	0
	<u>2,124,822</u>	<u>0</u>
Average number of full-time employees	<u>4</u>	<u>0</u>

3 Tax on loss for the year

	2020	2019
DKK		
Deferred tax for the year	-1,508,044	-45,113
	<u>-1,508,044</u>	<u>-45,113</u>

4 Property, plant and equipment

	Plant and machinery	Leasehold improve- ments	Property, plant and equipment in progress	Total
DKK				
Cost at 1 January 2020	35,060	0	519,501	554,561
Additions for the year	<u>0</u>	<u>32,543</u>	<u>36,566,493</u>	<u>36,599,036</u>
Cost at 31 December 2020	<u>35,060</u>	<u>32,543</u>	<u>37,085,994</u>	<u>37,153,597</u>
Carrying amount at 31 December 2020	<u>35,060</u>	<u>32,543</u>	<u>37,085,994</u>	<u>37,153,597</u>

5 Non-current liabilities

	31/12 2020	31/12 2019
DKK		
Lease obligations:		
0-1 years, Current part of non-current liabilities	95,724	0
1-5 years	351,977	0
Total liabilities	<u>447,701</u>	<u>0</u>

6 Contractual obligations

The Company has contractual obligations related to construction of production facilities of DKK 4 million.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 32 months, totalling DKK 318 thousand.

Rent obligations

The Company has rent obligations of DKK 23 million related to a 9 year period starting at 1 January 2021.

Financial statements 1 January – 31 December

Notes

7 Mortgages and collateral

The Company have provided its fixed assets as collateral for debt to banks. The collateral amounts to DKK 2,5 million.