

# Nordic Harvest A/S

Litauen Alle 13  
Høje Taastrup  
2630 Taastrup  
Denmark

CVR no. 40 33 77 92

## Annual report 2021

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

29 June 2022

Martin Skovbjerg

Chairman of the annual general meeting

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**Nordic Harvest A/S**  
Annual report 2021  
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## **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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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, 29 June 2022  
Executive Board:

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Anders Ostenfeld Riemann

Board of Directors:

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Michael Ingemann Nielsen  
Chairman

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Henrik Christensen

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Jesper Hansen

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Lars Ostenfeld Riemann

## **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 2021 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 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.

#### **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.

#### **Material uncertainty related to going concern**

We note that there is a material uncertainty concerning the company's ability to continue as a going concern. We draw attention to Note 2 which describe the current financing situation of the company, in which additional investment is needed to be able to fund its planned operations during the coming year. Management expects that the company will be able to raise capital to continue its operation. Our opinion is not qualified in respect of this matter.

#### **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.

## Independent auditor's report

### 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.
- 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.



## Independent auditor's report

### 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, 29 June 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Morten Høgh-Petersen  
State Authorised  
Public Accountant  
mne34283

Simon Vinberg Andersen  
State Authorised  
Public Accountant  
mne35458

**Nordic Harvest A/S**  
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## Management's review

### Company details

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

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

### Board of Directors

Michael Ingemann Nielsen, Chairman  
Henrik Christensen  
Jesper Hansen  
Lars Ostenfeld Riemann

### Executive Board

Anders Ostenfeld Riemann

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen  
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.

#### Material uncertainties regarding going concern

The operations of the company have historically been funded through equity investments and loans. The current capital resources are not sufficient as the company is still in a phase where it lies upon further investment being made in order to fund its activities. Therefore, the company needs to secure further capital resources in 2022. The current investors have already provided the company with additional funding of DKK 21 million through a convertible loan with the first tranche in February 2022. It is Management's assessment that the company will be able to secure further capital resources when needed to fund activities until end of 2022. The accounts are prepared upon the basis of the continued operations in mind.

#### Development in activities and financial position

2021 was the year when Nordic Harvest went from being a project under construction to being a going concern with all the joys and challenges of a startup breaking new ground with an innovative technology.

From the first production batch in April, we have had an excellent collaboration with our customers, and our products have been available in Bilka and Føtex stores across the country from the outset. Consumers have also embraced vertically farmed produce and our fan base grows steadily as more and more people try our products and discover the taste, the shelf life and the convenience of our herbs and salads.

2021 was also the year when our teams started the process of mastering the many complexities of running one of Europe's largest vertical farm facilities. On top of the expected ramp-up challenges we were severely hit by breakdowns and faulty equipment and infrastructure that caused delays and severe capacity reduction for most of 2021 – and into 2022. But, as frustrating and challenging this has been, it has also enabled us to review and improve all aspects of our processes and to design or procure better, stronger and more robust solutions for future growth phases.

In April 2021 the Company completed a capital increase and subscription of shares to the amount of DKK 9,7 million from 50 investors to secure working capital, followed up by the completion in October of the DKK 10 million loan from the Green Investment Fund that was agreed in principle back in 2020.

Nordic Harvest and the vertical farming technology have continued to attract great interest from all walks of life with a steady stream of visitors and articles in the media. Our CEO has also been invited to help the Minister for Food and Agriculture in designing future policies to support this emerging agricultural technology and make Denmark a frontrunner in this field.

The Company's income statement for 2021 shows a loss of DKK –24.583.045 after tax, and equity in the Company's balance sheet at 31 December 2021 amount to DKK 41.620.752. This unsatisfactory result is predominantly caused by the aforementioned equipment and infrastructure problems, limiting the production volume that could be shipped; while at the same time causing higher than planned personnel costs.



## **Management's review**

### **Operating review**

#### **Events after the balance sheet date**

In January 2022 the Company completed a capital increase in the form of a convertible loan, totaling DKK 21 million, predominantly from existing investors.

Focus so far in 2022 has been on fundamentally resolving the problems that have marred our production. We have been replacing sub-par suppliers of seeds and equipment, upgrading machines and infrastructure prone to breakdowns, reworking production flows to reduce labour costs and eliminate unnecessary handling – and, not least, reworking our lighting solution to reflect the new reality of higher energy costs.

## Financial statements 1 January – 31 December

### Income statement

DKK	Note	2021	2020
<b>Gross loss</b>		-10,054,442	-4,537,883
Staff costs	3	-10,589,213	-2,124,822
Depreciation, amortisation and impairment losses		-3,806,841	0
<b>Loss before financial income and expenses</b>		-24,450,496	-6,662,705
Other financial income		220,961	85
Other financial expenses		-758,579	-192,125
<b>Loss before tax</b>		-24,988,114	-6,854,745
Tax on loss for the year	4	405,069	1,508,044
<b>Loss for the year</b>		-24,583,045	-5,346,701
<b>Proposed distribution of loss</b>			
Retained earnings		-24,583,045	-5,346,701
		-24,583,045	-5,346,701

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2021	31/12 2020
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>	5		
Plant and machinery		20,945,399	35,060
Leasehold improvements		20,675,353	32,543
Property, plant and equipment in progress		0	37,085,995
		<u>41,620,752</u>	<u>37,153,598</u>
<b>Investments</b>			
Deposits		530,456	37,800
<b>Total fixed assets</b>		<u>42,151,208</u>	<u>37,191,398</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		292,333	0
Other receivables		420,410	603,862
Deferred tax asset		1,553,157	1,553,157
Corporation tax		405,069	0
Prepayments		1,290,230	4,558,736
		<u>3,961,199</u>	<u>6,715,755</u>
<b>Cash at bank and in hand</b>		2,221,103	5,119,919
<b>Total current assets</b>		<u>6,182,302</u>	<u>11,835,674</u>
<b>TOTAL ASSETS</b>		<u><u>48,333,510</u></u>	<u><u>49,027,072</u></u>

## Financial statements 1 January – 31 December

### Balance sheet

DKK	Note	31/12 2021	31/12 2020
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital		552,334	497,072
Share premium		61,170,543	51,552,426
Retained earnings		<u>-30,111,966</u>	<u>-5,528,921</u>
<b>Total equity</b>		<u>31,610,911</u>	<u>46,520,577</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Other credit institutions	6	10,000,000	0
Lease obligations		<u>0</u>	<u>447,701</u>
		<u>10,000,000</u>	<u>447,701</u>
<b>Current liabilities</b>			
Banks, current liabilities		57,055	41,913
Trade payables		5,714,860	1,600,546
Other payables		<u>950,684</u>	<u>416,335</u>
		<u>6,722,599</u>	<u>2,058,794</u>
<b>Total liabilities</b>		<u>16,722,599</u>	<u>2,506,495</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>48,333,510</u>	<u>49,027,072</u>
<b>Disclosure of material uncertainties regarding going concern</b>	2		
<b>Contractual obligations</b>	7		
<b>Mortgages and collateral</b>	8		

## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Contributed capital	Share premium	Retained earnings	Total
Equity at 1 January 2021	497,072	51,552,426	-5,528,921	46,520,577
Cash capital increase	55,262	9,618,117	0	9,673,379
Transferred over the distribution of loss	0	0	-24,583,045	-24,583,045
<b>Equity at 31 December 2021</b>	<b>552,334</b>	<b>61,170,543</b>	<b>-30,111,966</b>	<b>31,610,911</b>

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Nordic Harvest A/S for 2021 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.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Gross loss

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

#### Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ®2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

#### 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, 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.

## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### 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 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.

##### Balance sheet

##### Property, plant and equipment

Plant and machinery and leasehold improvements 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
Leasehold improvements	10 years

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.

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 property, plant and equipment 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)

##### Investments

Deposits are recognised at amortised cost.

##### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable 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

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

##### Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

##### Liabilities

Other liabilities are measured at amortised cost.



## Financial statements 1 January – 31 December

### Notes

#### 2 Material uncertainties regarding going concern

The operations of the company have historically been funded through equity investments and loans. The current capital resources are not sufficient as the company is still in a phase where it lies upon further investment being made in order to fund its activities. Therefore, the company needs to secure further capital resources in 2022. The current investors have already provided the company with additional funding of DKK 21 million through a convertible loan with the first tranche in February 2022. It is Management's assessment that the company will be able to secure further capital resources when needed to fund activities until end of 2022. The accounts are prepared upon the basis of the continued operations in mind.

DKK	<u>2021</u>	<u>2020</u>
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#### 3 Staff costs

Wages and salaries	10,421,002	2,111,834
Other social security costs	<u>168,211</u>	<u>12,988</u>
	<u>10,589,213</u>	<u>2,124,822</u>

Average number of full-time employees	<u>25</u>	<u>4</u>
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#### 4 Tax on loss for the year

Current tax for the year	-405,069	0
Deferred tax for the year	<u>0</u>	<u>-1,508,044</u>
	<u>-405,069</u>	<u>-1,508,044</u>

#### 5 Property, plant and equipment

DKK	Plant and machinery	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2021	35,060	32,543	37,085,995	37,153,598
Additions for the year	0	793,955	7,740,305	8,534,260
Disposals for the year	0	-260,265	0	-260,265
Transfers for the year	<u>23,264,468</u>	<u>21,561,832</u>	<u>-44,826,300</u>	<u>0</u>
Cost at 31 December 2021	<u>23,299,528</u>	<u>22,128,065</u>	<u>0</u>	<u>45,427,593</u>
Depreciation for the year	<u>-2,354,129</u>	<u>-1,452,712</u>	<u>0</u>	<u>-3,806,841</u>
Depreciation and impairment losses at 31 December 2021	<u>-2,354,129</u>	<u>-1,452,712</u>	<u>0</u>	<u>-3,806,841</u>
<b>Carrying amount at 31 December 2021</b>	<u>20,945,399</u>	<u>20,675,353</u>	<u>0</u>	<u>41,620,752</u>

## Financial statements 1 January – 31 December

### Notes

DKK	<u>31/12 2021</u>	<u>31/12 2020</u>
<b>6 Non-current liabilities</b>		
Other credit institutions		
1-5 years	8,000	0
>5 years	2,000	0
Lease obligations:		
0-1 years, Current part of non-current liabilities	0	95,724
1-5 years	<u>0</u>	<u>351,977</u>
<b>Total liabilities</b>	<u>10,000</u>	<u>447,701</u>

### 7 Contractual obligations

#### Contingent liabilities

The Company has rent and operating lease obligations totalling DKK 18.215 thousand.

### 8 Mortgages and collateral

The Company have provided its fixed assets as collateral for debt to banks. The collateral amounts to DKK 10 million.