

# **Infarm - Indoor Urban Farming Denmark ApS**

**Litauen Alle 13 2031., 2630 Taastrup**

**Annual report for the period  
1 January to 31 December 2021**

**CVR no. 40 71 57 46**

Adopted at the annual general meeting on 10 May 2022

chairman: Erez Galonska

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## Statement by management on the annual report

The executive board has today discussed and approved the annual report of Infarm - Indoor Urban Farming Denmark ApS for the financial year 1 January - 31 December 2021.

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

In my opinion, the financial statements give a true and fair view of the company's 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 my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Høje Taastrup, 4 May 2022

### Executive board

Erez Galonska  
Director

## Independent auditor's report

*To the shareholder of Infarm - Indoor Urban Farming Denmark ApS*

### Opinion

We have audited the financial statements of Infarm - Indoor Urban Farming Denmark ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's 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' 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 requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the 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 the 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 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.

## Independent auditor's report

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.

### 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.

## Independent auditor's report

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, we conclude that 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 management's review.

Copenhagen, 4 May 2022

Ecovis Danmark  
statsautoriseret revisionsinteressentskab  
CVR no. 28 93 95 23

Jerrick Olsen  
Statsautoriseret revisor  
MNE no. mne46584

## Company details

### The company

Infarm - Indoor Urban Farming Denmark ApS  
Litauen Alle 13 2031.  
2630 Taastrup

CVR no.: 40 71 57 46

Reporting period: 1 January - 31 December 2021

Domicile: Høje Taastrup

### Executive board

Erez Galonska, director

### Auditors

Ecovis Danmark  
statsautoriseret revisionsinteressentskab  
Vendersgade 28 st. th  
1363 København K

## Management's review

### Business review

The object of the Company is growing and distributing plants.

### Financial review

The company's income statement for the year ended 31 December 2021 shows a loss of DKK 34.574.640, and the balance sheet at 31 December 2021 shows negative equity of DKK 50.825.936.

The comparative figures contain figures for 17 months as last year was the company's first financial year which covered the period 6 August 2019 - 31 December 2020.

The company generated the usual start-up losses in the financial year to December 31, 2021, which correspond to the internal planning of the parent companies. Especially in Infarm's capital-intensive business environment, immediate profit generation is not economically feasible.

The ultimate parent company has issued a hard letter of comfort to the Company. In this letter, the ultimate parent company undertakes to provide the subsidiary with sufficient liquid funds to enable it to service its liabilities.

Infarm Denmark is financed by long-term loans from the parent company (term until December 31, 2023) and is thus able to service the liabilities due at any time.

### Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.



## Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
<b>Gross profit</b>		<b>-13.125.923</b>	<b>-5.650.424</b>
Staff costs	2	<u>-19.188.760</u>	<u>-9.552.842</u>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-1.455.754</u>	<u>-824.952</u>
<b>Profit/loss before net financials</b>		<b>-33.770.437</b>	<b>-16.028.218</b>
Financial income		0	-348
Financial costs	3	<u>-804.203</u>	<u>-262.730</u>
<b>Profit/loss for the year</b>		<b><u>-34.574.640</u></b>	<b><u>-16.291.296</u></b>
Retained earnings		<u>-34.574.640</u>	<u>-16.291.296</u>
		<b><u>-34.574.640</u></b>	<b><u>-16.291.296</u></b>

## Balance sheet 31 December

	Note	2021 DKK	2020 DKK
<b>Assets</b>			
Plant and machinery		36.862	49.150
Other fixtures and fittings, tools and equipment		23.750	0
Leasehold improvements		6.402.654	5.282.298
<b>Tangible assets</b>		<b>6.463.266</b>	<b>5.331.448</b>
Deposits		3.264.788	571.085
<b>Fixed asset investments</b>		<b>3.264.788</b>	<b>571.085</b>
<b>Total non-current assets</b>		<b>9.728.054</b>	<b>5.902.533</b>
Raw materials and consumables		600.191	977.638
Work in progress		213.429	0
<b>Stocks</b>		<b>813.620</b>	<b>977.638</b>
Trade receivables		666.071	512.388
Other receivables		10.731.939	1.042.851
Prepayments		244.566	337.480
<b>Receivables</b>		<b>11.642.576</b>	<b>1.892.719</b>
<b>Cash at bank and in hand</b>		<b>1.975.733</b>	<b>1.362.283</b>
<b>Total current assets</b>		<b>14.431.929</b>	<b>4.232.640</b>
<b>Total assets</b>		<b>24.159.983</b>	<b>10.135.173</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
<b>Equity and liabilities</b>			
Share capital		40.000	40.000
Retained earnings		-50.865.936	-16.291.296
<b>Equity</b>		<b>-50.825.936</b>	<b>-16.251.296</b>
Payables to group companies		50.366.060	18.746.003
Other payables		9.458.707	337.975
<b>Total non-current liabilities</b>	<b>5</b>	<b>59.824.767</b>	<b>19.083.978</b>
Short-term part of long-term debt	5	767.890	0
Trade payables		1.746.700	1.957.625
Payables to group companies		9.045.614	3.554.966
Other payables		3.600.948	1.789.900
<b>Total current liabilities</b>		<b>15.161.152</b>	<b>7.302.491</b>
<b>Total liabilities</b>		<b>74.985.919</b>	<b>26.386.469</b>
<b>Total equity and liabilities</b>		<b>24.159.983</b>	<b>10.135.173</b>

## Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2021	40.000	-16.291.296	-16.251.296
Net profit/loss for the year	0	-34.574.640	-34.574.640
<b>Equity at 31 December 2021</b>	<b>40.000</b>	<b>-50.865.936</b>	<b>-50.825.936</b>

## Notes

### 1 Going Concern Basis of Accounting

The ultimate parent company Infarm - Indoor Urban Farming B.V. has issued a hard letter of comfort to secure that the company is able to service its liabilities.

Thus, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future.

	2021 DKK	2020 DKK
<b>2 Staff costs</b>		
Wages and salaries	18.315.186	9.356.115
Pensions	248.911	4.814
Other social security costs	624.663	191.913
	<b>19.188.760</b>	<b>9.552.842</b>
Average number of employees	43	36
<b>3 Financial costs</b>		
Financial expenses, group entities	523.011	146.211
Other financial costs	280.063	113.173
Exchange loss	1.129	3.346
	<b>804.203</b>	<b>262.730</b>
<b>4 Provision for deferred tax</b>		
<b>Deferred tax asset</b>		
Calculated tax asset	11.053.855	3.552.244
Write down to assessed value	-11.053.855	-3.552.244
<b>Carrying amount</b>	<b>0</b>	<b>0</b>

Management has decided to not capitalize tax assets due to estimation uncertainty regarding the company's ability to utilize the tax loss

## Notes

### 5 Long term debt

	Debt at 1 January 2021	Debt at 31 December 2021	Instalment next year	Debt outstanding after 5 years
Payables to group companies	18.746.003	50.366.060	0	0
Other payables	337.975	9.458.707	767.890	5.410.890
	<b>19.083.978</b>	<b>59.824.767</b>	<b>767.890</b>	<b>5.410.890</b>

### 6 Rent and lease liabilities

	2021 DKK	2020 DKK
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	6.121.424	1.486.590
Between 1 and 5 years	22.126.131	3.950.771
After 5 years	17.790.046	0
	<b>46.037.601</b>	<b>5.437.361</b>

### 7 Related parties and ownership structure

#### Consolidated financial statements

The company is reflected in the group report for the parent company Infarm- Indoor Urban Farming GmbH, Colditzstr. 30, 12099 Berlin, Germany

## Accounting policies

The annual report of Infarm - Indoor Urban Farming Denmark ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in DKK

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

## Income statement

### Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue less costs of raw materials and consumables and other external expenses.

### Revenue

Income from the sale of goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

## Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

### Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

### Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of fixtures and fittings, tools and equipment and leasehold improvements.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions.

### Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

## Balance sheet

### Tangible assets

Items of leasehold improvements, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.



## Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	<b>Useful life</b>	<b>Residual value</b>
Plant and machinery	5 years	0 %
Other fixtures and fittings, tools and equipment	5 years	0 %
Leasehold improvements	5-10 years	0 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

### Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

### Deposits

Deposits are measured at amortised cost.

### Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

## Accounting policies

For work in progress, which includes growing plants, IAS 41 for biological assets has been adopted.

Work in progress are measured at fair value less cost to sell. As market-based prices or values are not available for a biological asset in its present location and condition, fair value is measured on the basis of a valuation technique which is appropriate in the circumstances and for which sufficient data is available to measure fair value.

The fair value of biological assets is generally determined through the use of a discounted cash flow method as a valuation technique, because market-determined prices or values are not available. The fair value of these assets is derived from the expected cash flows of the agricultural produce. The cash flow model should include all directly attributable cash inflows and outflows, and only those cash flows. The determination of the fair value of a partially grown plant is therefore measured by projecting the cash flows from the sale of the fully grown plant, less the cash outflows needed to grow the plant to its marketable condition. Discounting effects are immaterial due to the short-term cycle.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

### Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

### Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

## Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and 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.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.


Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.




## Jerrick Olsen

Som Revisor  
PID: 9208-2002-2-032355568564 NEM ID  
Tidspunkt for underskrift: 10-05-2022 kl.: 09:07:07  
Underskrevet med NemID

Erez Galonska  
Som Direktør   
IP-adresse: 86.180.120.28:50929  
Tidspunkt for underskrift: 12-05-2022 kl.: 11:09:33  
Underskrevet med esignatur EasySign



Erez Galonska  
Som Dirigent   
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