Vega Sea A/S

Agtrupvej 51, DK-6000 Kolding
CVR. No. 33 25 28 62

Annual report 2020/21

Approved at the Company's annual general meeting on 30th of November 2021

Chairman:

Troels Christensen, CFO

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Statement by Management

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Vega Sea A/S for the financial year 1 July 2020 – 30 June 2021.

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

It is our opinion that the consolidated financial statements and the parent company's financial statement gives a true and fair view of the financial position of the Group and the Company at 30 June 2021 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial period 1 July 2020 – 30 June 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters and the results of the Group's and the Parent Company's operations and financial position.

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

Kolding, 27 September 2021
Executive Board:

Jakob Graasbøll Enemark
CEO

Board of Directors:

Søren Bach Chairman	Per Høholt
Torben Svejgård	Henning Kruse Lorentzen

Independent auditor's report

To the shareholders of Vega Sea A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Vega Sea A/S for the financial year 1 July – 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 July – 30 June 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 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent 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 Group or the Parent 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.

> Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

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.

Aarhus, 27 September 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Rasmus Berntsen
State Authorised Public Accountant
mne35461

Kim R. Mortensen
State Authorised Public Accountant
mne18513

Management's review

Company details

Name	Vega Sea A/S
Address, P.O. Box, city	Agtrupvej 51, DK-6000 Kolding
CVR no.	33 25 28 62
Established	21 October 2010
Registered office	Kolding
Financial year	1 July – 30 June
Board of Directors	Søren Bach, Chairman
	Per Høholt
	Torben Svejgård
	Henning Kruse Lorentzen
Executive Board	Jakob Graasbøll Enemark, CEO
Auditor	EY Godkendt Revisionspartnerselskab
	Vaerkmestergade 25, P.O. Box 330, DK-8100 Aarhus C
Attorney	Andersen Partners, Jernbanegade 31, DK-6000 Kolding
Bankers	DNB Bank ASA, Dronning Eufemias gate 30, NO-0191 Oslo
	Sydbank, Kongensgade 62, DK-6700 Esbjerg

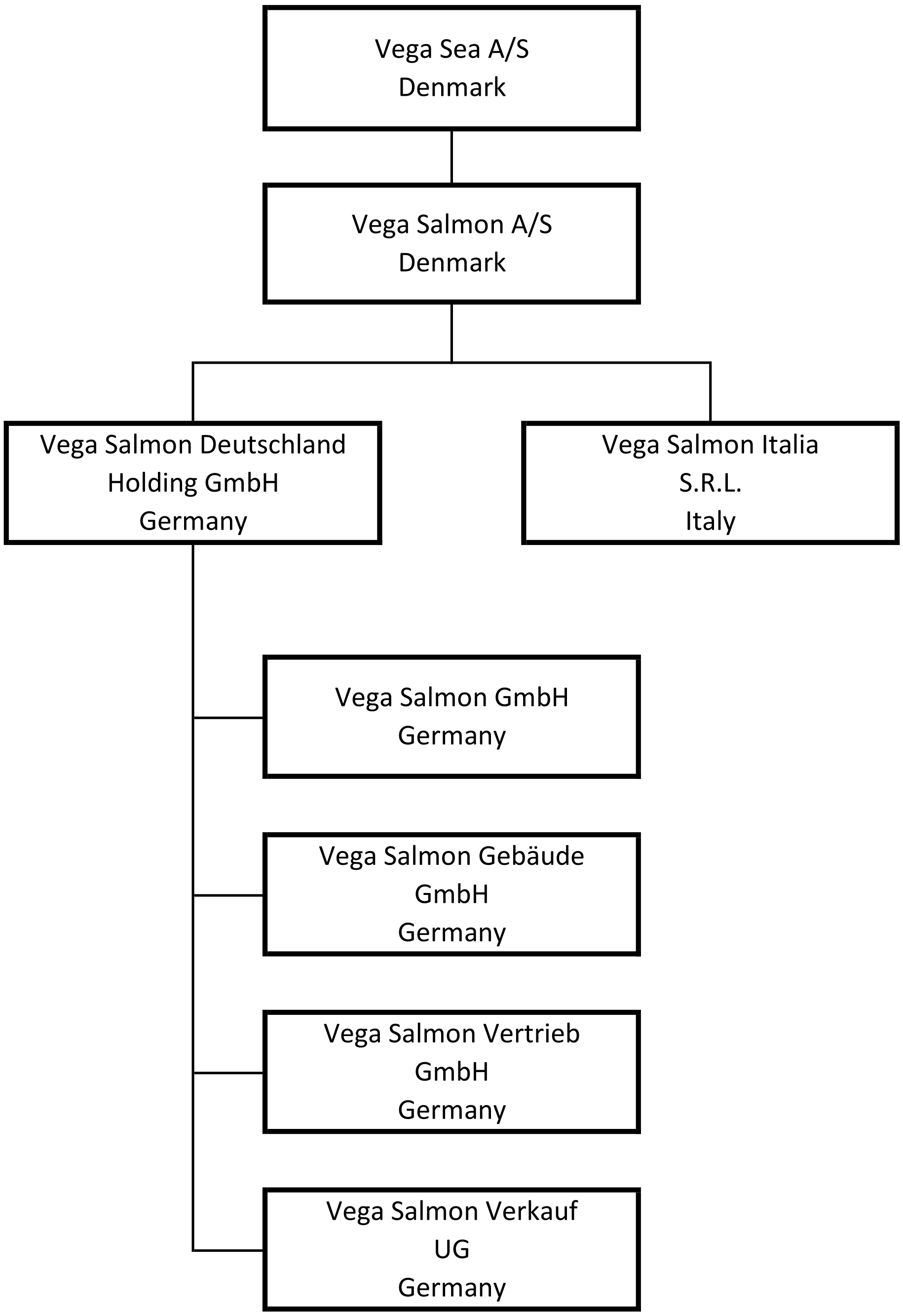
Recommendations for active ownership and corporate governance
Maj Invest Equity 4 K/S is comprised by the guidelines for Active Owners Denmark (AOD) for active ownership and corporate governance for private equity funds, and therefore, the Vega Sea Group is comprised by the same guidelines.

The Vega Sea Group follows the AOD guidelines except that no audit committee has been established as the Board of Directors conducts those assignments.

AOD's guidelines are available at the webpage of the association www.aktiveejere.dk.

Management's review

Group chart



All companies are wholly owned.

As per 30 June 2021 Vega Sea A/S was owned by Maj Invest Equity 4 K/S via MIE4 Holding 1 ApS (93.3 %) as well as the Board of Directors , Executive and other employees etc. (6.7%).

Management's review

Financial highlights for the Group

tDKK	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Tons sold	19.817	17.802	17.916	22.967	21.474
Revenue	1.070.923	1.086.704	1.170.586	1.482.629	1.433.556
Gross profit	104.099	85.118	78.536	122.768	126.892
Profit before depreciation, amortisation and impairment losses, net financials and special items (EBITDA)	31.394	18.718	14.648	52.838	52.548
Special items, excl. net financials but incl. impairment losses	-5.783	-3.080	-5.095	-2.984	-16.377
Operating profit/loss	8.232	-4.809	-10.188	29.692	14.094
Net financials	-7.898	-6.247	-5.652	-9.708	-6.464
Profit/loss for the year	**-974**	**-9.136**	**-11.833**	**17.699**	**808**
Balance sheet total	287.441	320.827	284.263	331.599	347.078
Investments in property, plant and equipment	7.254	19.937	25.075	31.191	15.308
Net working capital	-27.945	-28.121	-42.807	21.774	69.462
Net interest-bearing debt	69.417	73.572	77.131	93.755	114.166
Non-current part of net interestbearing debt	43.422	51.124	54.172	61.527	65.774
Equity	**65.318**	**67.038**	**42.175**	**69.862**	**83.493**
Cash flows from operating activities	13.883	-10.750	62.313	80.382	15.475
Cash flows from investing activities	-8.504	-19.845	-27.776	-25.715	-993
Cash flows from financing activities	-5.020	30.437	-39.439	-51.390	-13.033
Total cash flows	**359**	**-158**	**-4.902**	**3.277**	**1.449**
Financial ratios					
Gross margin	9,7%	7,8%	6,7%	8,2%	8,9%
EBITDA margin before special items	2,9%	1,7%	1,3%	3,5%	3,7%
Equity ratio	22,7%	20,9%	14,8%	21,1%	24,1%
Return on equity	-1,5%	-16,7%	-21,1%	23,1%	1,0%
Average number of full-time Vega employees	260	205	235	247	238
Average number of full-time temps	310	215	182	212	116
Total number of full-time workers	**570**	**420**	**417**	**459**	**354**

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin $$\frac{\text{Gross margin x 100}}{\text{Revenue}}$$

EBITDA margin before special items $$\frac{\text{EBITDA before special items}}{\text{Revenue}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss for the year after tax x 100}}{\text{Average equity}}$$

Management's review

Operating review

Business review

The Group's principal activity is developing, purchasing, processing and distributing fish products - primarily salmon.

The above-mentioned principal activity has been executed from the production facilities in Germany.

The Group is in particular focusing on delivering products to the Group's customers in the right quality within the agreed delivery dates and at competitive prices that reflect the products' high level of quality. The Group's customers are global quality-conscious entities with strong focus on food safety.

Furthermore, it is group policy to use considerable resources on product development, so that the Group can offer its customers products with high focus on quality, taste and product diversification. It is group policy to produce and develop environmentally friendly wrapping/packaging, that also needs to be consumer friendly. Thus, the development of new product categories is highly prioritised.

As a natural and important part of the Group's focus areas, we work intensively on improving efficiency while maintaining and improving the quality of our products. This is to ensure that the Group, at all times, offers products that surpass every applicable standard for the industry. At the same time, we increasingly wish to offer traceability and support sustainability.

Approx. 93% of the Group's yearly revenue is generated outside Scandinavia and based on the Group's product range and high quality, dedicated efforts are made to strengthen our position in selected export areas.

Cooperation with the Group's customers, suppliers and other business partners is based on partnerships to create value for all parties involved and to ensure that the Group end users get a unique product and taste experience.

During the financial year, the group has taken strategic decisions to move some of the sales operations closer to the important customers in the regions of APAC and Southern Europe. This has been executed by establishing a sales office in Bangkok, Thailand; and founding a company in Italy, Vega Salmon Italia S.R.L.

End of the financial year the Group concluded a strategy process for the coming years. The process was a refinement of earlier strategies, to set even more focus on sustainability and strengthening Vega as being an attractive partner, delivering world class salmon every day.

Financial review

In the year under review, the Group realised revenue of DKK 1,071 million, which is a decrease of 1% from last financial year. The decrease is a direct result of generally lower average fish prices during 2020/21, as the total volume has increased compared to 2019/20.

During 2020/21, the average price level on Head-On-Gutted (HOG) salmon decreased by 13% compared to last year, but still with considerable day-to-day volatile fluctuations during the entire financial year. The Group realised an increase in the volume sold of 7% which was due higher sales to the market in the US.

Throughout the entire financial year, the COVID-19 pandemic had a negative impact on the realized costs in several areas for the Group. The costs for protective equipment rose quite rapidly due to both internal stricter guidelines for usage and due to increase in prices. The Group also had extra cost on the established COVID-19 testcenter. Lastly, a higher frequency and intensity of cleaning was carried out in the financial year. The Group has totally realised costs of 4.1 mDKK in these areas, recognised as special items.

In January 2021, a larger number of the production workers at the Handewitt facility got infected by COVID-19 at private events during the Holidays. In compliance with the Company's strict guidelines for handling COVID-19 the infected employees and employees identified as close contacts got quarantined and were not to be allowed back at the factory before having been rigorously tested negative. Due to this, the production in January and February were highly ineffective, as the production was run with non-optimal setup and not fully trained workers. Furthermore, some of the quarantined workers were covered by more expensive temporary workers. The Group has realised costs of 1.7 mDKK regarding these issues, recognised as special items.

The limited production capacity in Q1 2021 resulted in lost sales in this period and in addition the prices on by-products for petfood dropped due to the drop in demand hereof in the mink industry in Denmark. Including that, the total impact of the COVID-19 in 2020/21 has been above 10.0 mDKK.

Management's review

Operating review

Financial review (continued)

Following the above, the Group realised a profit before depreciation and amortisation, net financials, tax and special items (EBITDA before special items) of DKK 31.4 million against DKK 18.7 million in 2019/20.

The deficit of 1.0 mDKK for the year is considered dissatisfactory as this is below expectations for the year, though taking the above mentioned COVID-19 issues into consideration the years result is reflecting a very positive development compared to prior years.

As in previous years, investments have been made in production equipment, etc. which allows the Group still to efficiently provide competitive products to the benefit of the Group and the Group's business partners. The expansion is still under construction, expected finishing time will be in the second half of 2021/22. Originally, the expansion was planned to be completed in 2019/20 but was postponed due to increased activity and COVID-19 issues but also due to looking into the best possible setup for future growth taking law requirements, needs and costs into consideration.

Outlook

The Group continues its strategy to focus on existing and new partnerships, invest in product-, market- and sales development, ensure the highest quality standards - including sustainability, expansion of overseas markets and to maintain focus on internal processes to improve cost efficiency.

Due to the volatile prices in the salmon market the development in revenue in terms of value is not considered that important but more the focus on sales activities in terms of volume. It is the expectation next year to achieve a higher volume than in 2020/21, mostly by means of a significant change in the product mix producing and selling more smoked products.

As mentioned above, we expect an increase in the activity level in the financial year 2021/22, thus also an increase in revenue and most importantly an increase in the net contribution to the Group's results. We expect a positive result for the financial year 2021/22, that develops at the same level as the development from 2019/20 to 2020/21.

As in the financial year 2020/21, we expect there will be uncertainty regarding COVID-19 and its effects on our business. We estimate that there will be an impact on our daily business and operations but expect the net impact on the Group's result to be insignificant, as we have improved our safeguards over the year.

Liquidity wise, the financial outlook for 2021/22 is in place, as we have secured sufficient credit facilities both taking into consideration the peak season and the entire financial year.

Special risks

It is group policy to currently hedge raw material purchases and currencies, and therefore, the volume of fixed price contracts is considerable.

The Group is aware of the COVID-19 risk for the business in the near future. As mentioned above several safeguards has been put in place in order to limit the effect on the production capacity.

Financial risks

The Group's primary financing sources are bank loans, leasing debt and overdraft facilities. Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rates. Vega Sea A/S manages the Group's financial risks centrally and coordinates the Group's cash management, including new funding and placement of excess liquidity. If deemed expedient to reduce the financial risks, financial instruments are held in the form of foreign exchange contracts and interest rate swaps.

Management's review

Operating review

Employees

The development in employees is specified as follows (full-time Vega employees, excl. temporary workers):

	Total	Denmark	Rest of world
Number of employees, beginning of the year	222	21	201
Net development employees, in 2020/21	+62	+1	+61
Number of employees, year end	284	22	262

The average total workers have increased compared to last year, this is due to increased activity but also due to change in product-mix, towards products with higher degree of processing.

Environment

The Group strives at all times to comply with applicable environmental legislation so that the environmental impact on the surroundings is minimised to the extent possible. Based on the below-mentioned UN Global Compact progress report, the Group continuously implements measures to limit energy consumption, water release, cleaner discharge etc. to the highest extent possible.

Research and development activities

On an ongoing basis, the Group deploys resources for product development for the benefit of the Group's business partners. As a part of the strategy, the Group has invested resources into its own innovation department, to take the development of products to the next level. For the coming financial years, we expect several new launches that will set Vega apart from the competitors.

CSR report

In March 2014, the Group joined UN Global Compact. The progress report for the year has been published and is obtainable at https://vega-salmon.dk/about-us/csr/

The report represents a statutory statement of corporate social responsibility pursuant to the exemption given in section 99a of the Danish Financial Statements Act.

Goals for the gender quotation on the Group's Boards of Directors

According to legislation on the gender quotation on the Management Board in Danish enterprises, the group entities Vega Sea A/S and Vega Salmon A/S have laid down that board members elected by the general meeting are at least to account for 20% of the underrepresented gender at the ordinary general meeting in 2020/21 at the latest. The other group entities are not subject to those rules.

Upon the presentation of the annual report of Vega Sea A/S for 2020/21, none of the four members of the Board of Directors were female. No new members of the Board of Directors have been elected during the financial year 2020/21. As the goal has not been reached within the set timeline, a new target has been set for fulfilment in 2023/24 latest.

The target number for female managers in the Vega Group is 20% for Management. As of 30 June 2021, female managers in the entity accounted for 17% against 17% last year. We have prepared a policy that is to ensure that the share of women at top management levels is increased. Upon implementation of the policy, frameworks have been laid down for the individual managers' career development, mentor schemes and network. We have had several search processes for positions as managers during the financial year but did not succeed in hiring female managers due to a lack of qualified candidates.

Corporate governance

Vega Sea A/S' Board of Directors and Executive Board always aim at ensuring that the Group's management structure and control systems are appropriate and function satisfactorily. Management assesses on an ongoing basis whether this is the case.

Management's duties are among other things based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association as well as good practice for enterprises of the same size and with the same international reach as Vega Sea A/S. Moreover, by virtue of being owned by a private equity fund, the Company complies with guidelines on responsible ownership and corporate governance issued by Active Owners Denmark. On this basis, a number of internal procedures have been developed and are regularly updated in order to ensure active, safe and profitable management of the Group.

Management's review

Operating review

Duties of the Board of Directors

The Board of Directors of Vega Sea A/S and its group entities ensure that the Executive Boards comply with the Boards of Directors' aims, strategies and business procedures. Information from the Executive Boards of the individual companies is given systematically at meetings and through written and oral reporting. This reporting e.g. comprises the development in the Company's surroundings, the Company's development, profitability and the financial position.

The Board of Directors of Vega Sea A/S holds meetings according to a fixed schedule at least six times a year. A strategy seminar is usually held once a year. In the period between the ordinary meetings of the Board of Directors, the Board of Directors receive, on a regular basis, written information on the Company's and the Group's results of operation and financial position.

The Board of Directors' and the Executive Board's directorships in other companies are disclosed in Appendix A.

Remuneration of Management

Remuneration of the Board of Directors of Vega Sea A/S is made separately.

In order to attract and maintain the Group's managerial qualifications, remuneration of the Executive Board and executive employees is set according to tasks, value created and terms in comparable companies. Remuneration includes incentive programmes, which are to ensure shared interests of the Company's Management and the Board of Directors.

Dividend policy

Dividend distribution must be made taking into consideration the Group's continued development and existing agreements with funding sources.

Stakeholders

The Vega Sea A/S Group seeks to develop and maintain good relations with its stakeholders on an on-going basis, as such relations are assessed to have a significant and positive effect on the Group's development.

Primary stakeholders are the Group's customers, employees, suppliers and shareholders.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date that would influence the assessment of the annual report.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Income statement

		Group		Parent	
Note	tDKK	2020/21	2019/20	2020/21	2019/20
3	**Revenue**	1.070.923	1.086.704	0	0
	Changes in inventories of finished goods and work in progress	3.980	-14.605	0	0
	Other operationg income	6.354	3.855	0	0
	Raw materials and consumables	-818.262	-859.280	0	0
	Other external expenses	-158.896	-131.556	-250	-182
	Gross profit/loss	**104.099**	**85.118**	**-250**	**-182**
4	Staff costs	-78.488	-69.480	-550	-550
	Amortisation of intangible assets and depreciation on property, plant and equipment and impairment losses	-17.379	-20.447	0	0
	Operating profit/loss	**8.232**	**-4.809**	**-800**	**-732**
	Income from equity investments in group entities	0	0	2.067	-7.681
5	Financial income	389	1.033	1.331	2.524
5	Financial expenses	-8.287	-7.280	-4.046	-4.128
	Profit before tax	**334**	**-11.056**	**-1.448**	**-10.017**
6	Tax for the year	-1.308	1.920	474	881
	Profit/loss for the year	**-974**	**-9.136**	**-974**	**-9.136**

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Balance Sheet

		Group		Parent	
Note	tDKK	2021	2020	2021	2020
	ASSETS				
	Fixed assets				
7	**Intangible assets**				
	Development projects	1.857	2.532	0	0
	Software, etc.	1.284	301	0	0
		3.141	**2.833**	**0**	**0**
8	**Property, plant and equipment**				
	Land and buildings	96.878	101.899	0	0
	Plant and machinery	41.286	46.430	0	0
	Fixtures and fittings, tools and equipment	2.891	2.519	0	0
	Leasehold improvements	20	83	0	0
	Assets under construction	23.075	22.775	0	0
		164.150	**173.706**	**0**	**0**
9	**Investments**				
	Investment in group entities	0	0	85.153	97.913
	Other securities and investments	35	35	35	35
		35	**35**	**85.188**	**97.948**
	Total fixed assets	**167.326**	**176.574**	**85.188**	**97.948**
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	24.559	18.160	0	0
	Work in progress	5.465	3.712	0	0
	Finished goods	45.507	43.280	0	0
		75.531	**65.152**	**0**	**0**
	Receivables				
	Trade receivables	21.014	57.523	0	0
	Receivables from group entities	0	0	36.224	29.787
10	Deferred tax assets	12.431	11.154	1.726	1.252
	Income taxes receivables	0	216	0	216
	Other receivables	8.520	9.385	0	0
11	Prepayments	2.175	738	285	0
		44.140	**79.016**	**38.235**	**31.255**
	Cash	**444**	**85**	**0**	**0**
	Total non-fixed assets	**120.115**	**144.253**	**38.235**	**31.255**
	TOTAL ASSETS	**287.441**	**320.827**	**123.423**	**129.203**

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Balance Sheet

		Group		Parent	
Note	tDKK	2021	2020	2021	2020
	EQUITY AND LIABILITIES				
	Equity				
12	Share capital	24.588	24.588	24.588	24.588
	Reserve for net revaluation according to the equity method	0	0	0	663
	Translation reserve	-175	0	0	0
	Hedging reserve	-571	0	0	0
	Retained earnings	41.476	42.450	40.730	41.787
	Total equity	**65.318**	**67.038**	**65.318**	**67.038**
	Liabilities				
13	**Non-current liabilities other than provisions**				
14	Deferred income	15.206	17.119	0	0
	Payables to banking institutions	42.000	0	42.000	0
	Other payables	1.422	1.124	0	0
		58.628	**18.243**	**42.000**	**0**
	Current liabilities other than provisions				
13	Current portion of non-current liabilities	4.000	54.166	4.000	50.000
	Payables to banking institutions	19.016	16.168	10.220	9.948
	Trade payables	104.647	134.474	0	0
	Income tax payable	3.423	2.415	0	0
	Other payables	21.761	21.534	1.885	2.217
	Prepayments	8.777	4.911	0	0
13,14	Deferred income	1.871	1.878	0	0
		163.495	**235.546**	**16.105**	**62.165**
	Total liabilities	**222.123**	**253.789**	**58.105**	**62.165**
	TOTAL EQUITY AND LIABILITIES	**287.441**	**320.827**	**123.423**	**129.203**

1 Accounting policies
2 Special items
15 Appropriation of profit/loss
16 Collateral
17 Contractual obligations and contingencies, etc.
18 Foreign currency and interest rate risks and use of derivative financial instruments
19 Related parties
20 Other

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Statement of changes in equity

		Group				
Note	tDKK	Share capital	Translation reserve	Hedging reserve	Retained earnings	Total
	Equity at 1 July 2019	21.238	0	0	20.937	42.175
	Capital increase	3.350	0	0	30.150	33.500
	Profit/loss for the year	0	0	0	-9.136	-9.136
	Foreign exchange adjustments	0	0	0	45	45
	Value adjustments of hedging	0	0	0	454	454
	Equity at 30 June 2020	24.588	0	0	42.450	67.038
	Profit/loss for the year	0	0	0	-974	-974
	Foreign exchange adjustments	0	-175	0	0	-175
	Value adjustment of hedging instruments after tax	0	0	-571	0	-571
	Equity at 30 June 2021	**24.588**	**-175**	**-571**	**41.476**	**65.318**

		Parent			
Note	tDKK	Share capital	Net revaluation according to the equity method	Retained earnings	Total
	Equity at 1 July 2019	21.238	7.845	13.092	42.175
	Capital increase	3.350	0	30.150	33.500
	Profit/loss for the year	0	-7.681	-1.455	-9.136
	Foreign exchange adjustments	0	45	0	45
	Value adjustment of hedging instruments after tax	0	454	0	454
	Equity at 30 June 2020	24.588	663	41.787	67.038
	Profit/loss for the year	0	2.067	-3.041	-974
	Dividend recieved	0	-7.578	7.578	0
	Foreign exchange adjustments	0	-175	0	-175
	Value adjustment of hedging instruments	0	-571	0	-571
	Transferred reserve	0	5.594	-5.594	0
	Equity at 30 June 2021	**24.588**	**0**	**40.730**	**65.318**

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Cash flow statement

tDKK	Group 2020/21	Group 2019/20
Profit/loss for the year before interest	8.232	-4.809
Depreciation, amortisation and impairment losses	17.379	20.447
Changes in working capital	-176	-13.825
Other adjustments of non-cash operating items	-2.454	-1.918
Cash generated from operations (operating activities)	22.981	-105
Financial income received	389	1.033
Financial expenses incurred	-8.287	-7.280
Income taxes refunded/paid	-1.200	-4.398
Cash flows from operating activities	**13.883**	**-10.750**
Acquisition of intangible assets	-1.280	0
Acquisition of property, plant and equipment	-7.254	-19.937
Disposal of property, plant and equipment	30	92
Cash flows from investing activities	**-8.504**	**-19.845**
Changes in non-current liabilities, net	-7.868	-3.372
Changes in short-term debt to banks	2.848	309
Capital increase/warrants	0	33.500
Cash flows from financing activities	**-5.020**	**30.437**
Changes in cash and cash equivalents	**359**	**-158**
Cash and cash equivalents at 1 July	**85**	**243**
Cash and cash equivalents at 30 June	**444**	**85**

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 Accounting policies

The annual report of Vega Sea A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities. Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The accounting policies are consistent with those of last year.

Consolidation

The consolidated financial statements comprise the parent company Vega Sea A/S and entities controlled by the parent company. Control is deemed to exist when the parent company directly or indirectly holds more than 50% of the voting rights. Control may also exist via agreement or articles of association or because the parent company in some other way has or actually exercises control in a subsidiary.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The financial statements of the consolidated entities have been prepared in accordance with the parent company's accounting policies. The consolidated financial statements are prepared based on the consolidated entity's financial statements by aggregating similar financial statement items. Intra-group income, costs, profits, losses, investments, dividends and balances are eliminated. Investments in consolidated enterprises are set off against the proportionate share of the consolidated enterprise' fair value of assets and liabilities at the acquisition date.

Supply Chain Finance

The Group has agreed with a financial third party on Supply Chain financing for both customers and Suppliers. The Group sell 90 percent of the trade receivables where they receive 100 percent of the payments from the financial third party relate to the trade receivables. Group risk of 10 percent correspond to the unsent part which are recognized under trade receivables with counterpart on bank debt. The agreement covers the majority of trade receivables within the Group. A similar financing scheme has been concluded with suppliers. The payment to supplies are recognized trade payables if the credit period correspond to a normal given credit terms within the industry.

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 closing rates. 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.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the statement of financial position items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Foreign exchange adjustments of balances with separate foreign subsidiaries which are considered part of the total investment in the subsidiary are taken directly to equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 **Accounting policies (continued)**

Leases

For accounting purposes, lease contracts are classified as either finance or operating lease obligations.

A lease is classified as a finance lease when it transfers substantially all risks and rewards of the leased asset as if the asset had been owned. Other leases are classified as operating leases.

Finance lease assets are capitalised under property, plant and equipment and are depreciated over their expected useful lives. The corresponding finance lease obligations are recognised in liabilities. Operating lease expenses are recognised on a straight line basis in the income statement over the lease term.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are recognised at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in “Other receivables” or “Other payables”, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for designation as hedges of the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as an instrument used for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of the selling price/cost of the relevant financial statement items.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in profit or loss as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place. Revenue from the sale of services is recognised in the income statement when delivery to the buyer has taken place. Revenue is recognised exclusive of VAT, duties and rebates in connection with the sale and is measured at the selling price at the agreed consideration.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprises the net movement in the financial year.

Other operating income and expenses

Other operating income and expenses comprise items secondary to the principal activities of the Company, including gains or losses on the disposal of non-current assets.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 **Accounting policies (continued)**

Raw materials and consumables

Raw materials and consumables include the consumption of raw materials and consumables in the financial year after adjustment of changes in inventories of raw materials and consumables from the beginning of the year to the end of the year. The item includes any shrinkage and usual impairment losses of the inventories in questions.

Other external costs

Other external expenses include the year's expenses relating to the core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including compensated absence and pensions, and other social security costs, etc. relating to the employees. The item is net of refunds from public authorities.

Amortisation of intangible assets, depreciation on property, plant and equipment and impairment losses

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

Income from equity investments in group entities

The item comprises the proportionate share of the individual subsidiaries' profits/losses after tax after elimination of intra-group profits/losses.

Grants

EU grants received for capital expenditures are recognised in the balance sheet as prepayments and are recognised as the fixed assets are depreciated. Prepayments are recognised as other operating income.

Financial income

Financial income comprises interest income, net gains on receivables, payables regarding transactions denominated in foreign currencies, amortisation of financial income as well as refunds under the on-account tax scheme, etc.

Financial expenses

Financial expenses comprise interest expenses, net losses on receivables, payables regarding transactions denominated in foreign currencies, amortisation of financial liabilities as well as surcharges under the on-account tax scheme, etc.

Taxation

Tax for the year comprises current tax for the year and changes in deferred tax. 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.

The parent company is jointly taxed with MIE4 Holding 1 ApS and all Danish subsidiaries. The current Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income (full absorption with refunds regarding tax losses).

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 **Accounting policies (continued)**

Balance Sheet

Intangible assets

Intangible assets comprise software rights, etc. and completed development projects, that are measured at cost less accumulated amortisation and impairment losses. Software rights, etc. and completed development projects are amortised over 3-5 years.

Write-down of intangible assets are made to the recoverable amount if this is lower than the carrying amount.

Property, plant and equipment

Items of property, plant and equipment 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 when the asset is available for use. For assets held under finance leases, cost is the lower of the fair value of the asset and the present value of future lease payments.

The basis of depreciation is cost less expected residual value at the end of the useful life. Depreciation is provided on a straight-line basis over the following expected useful lives:

Buildings	20-50	years
Plant and machinery	5-8	years
Fixtures and fittings, tools and equipment	3-10	years

Land is not depreciated.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Write-down of property, plant and equipment is made to the recoverable amount if this is lower than the carrying amount.

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

Investments in group entities

Investments in group enterprises are recognised and measured according to the equity method. This implies that investments are measured at the proportionate share of the Company's net asset value minus or plus any unrealised intra-group profits and losses.

Impairment of fixed assets

Intangible assets, property, plant and equipment and investments in group entities are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there are indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at cost less write-down for bad debt losses that are based on an individual assessment.

Other securities and investments

Other securities and investments, etc. are measured at fair value at the balance sheet date. If the fair value cannot be reliably measured, securities are measured at cost less any impairment losses.

Inventories

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

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. The cost of manufactured goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads.

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventories is calculated as the expected selling price less costs of completion and expenses that must be incurred to affect the sale.

Prepayments (assets)

Prepayments comprise prepaid costs concerning subsequent financial years.

Income taxes

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. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Cash

Cash comprises cash at hand and bank deposits.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 **Accounting policies (continued)**

Equity

Net revaluation reserve according to the equity method

Net revaluation of equity investments in subsidiaries is recognised at cost in the net revaluation reserve according to the equity method.

The reserve can be eliminated in case of losses, realisation of equity investments or changes in accounting estimates.

The reserve cannot be recognised at a negative amount.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized, if the hedged cash flows are no longer expected to be realized or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Liabilities

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which essentially correspond to the net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years. Moreover, the item includes EU grants for capital expenditure, which are recognised as revenue as the fixed assets concerned are depreciated.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash as well as the Group's cash at the beginning and end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related costs as well as the raising of loans, repayment of long-term interest-bearing debt, changes in short-term debt to banks and payment of dividends to shareholders.

Cash include cash at bank and bank deposits.

Segment information

Information is disclosed by geographical markets. Segment information is based on the Company's accounting policies, risks and internal financial management.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

2 **Special items**

Special items comprise significant income and expenses of a special nature relative to the Group's revenue-generating operating activities such as costs of comprehensive structuring of processes and basic structural adjustments as well as any disposal gains and losses relating thereto and which over time are of significant importance. Special items also comprise significant one-off items, which, in the opinion of Management, do not form part of the Group's operating activities.

As disclosed in the Management's review, the loss for the year is affected by extraordinary restructuring costs, which, in the opinion of the Board of Directors, do not form part of the operating activities.

	Group		Parent	
tDKK	2020/21	2019/20	2020/21	2019/20
Special items				
Costs				
Restructuring costs	0	-3.080	0	0
COVID-19 related cost	-5.783	0	0	0
Tax	1.735	678	0	0
	-4.048	-2.402	0	0
Special items are recognised in the below line items				
Staff costs	-1.700	-2.838	0	0
Other external expenses	-4.083	-242	0	0
Income from equity investments in group entities	0	0	0	-2.402
Profit/loss on special items before tax	-5.783	-3.080	0	-2.402
Tax	1.735	678	0	0
Profit/loss on special items after tax	-4.048	-2.402	0	-2.402

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

tDKK	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
3 Revenue				
Revenue broken down on geographical segments:				
Domestic markets (Denmark)	28.500	49.937	0	0
Export markets (other countries)	1.042.423	1.036.767	0	0
	1.070.923	1.086.704	0	0

The Group has one business segment, which is sale of fish.

tDKK	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
4 Staff costs				
Wages and salaries	65.449	58.244	550	550
Pensions	2.587	1.906	0	0
Other social security costs	10.130	8.434	0	0
Other staff costs	322	896	0	0
	78.488	69.480	550	550
Average number of full-time employees	260	205	1	1
Remuneration to board of directors and Executive board:	2.989	6.167		

Remuneration to the Board of Directors and Executive Board of the Group are disclosed combined with reference to paragraph 98 b section 3 no. 1 of the Danish Financial Statements Act. No information is provided in the parent company with reference to 98 b section 3 no. 2 of the Danish Financial Statements Act. For issued warrants reference is made to note 12.

tDKK	Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
5 Net financials				
Financial income				
Interest income from group entities	0	0	1.144	1.671
Other financial income	389	1.033	187	853
	389	1.033	1.331	2.524
Financial expenses				
Other financial expenses	8.287	7.280	4.046	4.128
	8.287	7.280	4.046	4.128
6 Tax on profit/loss for the year				
Computed tax on the taxable income for the year	-2.424	-3.852	0	0
Adjustments of deferred tax for the year	1.277	5.537	474	773
Adjustment of prior-year taxes	0	108	0	108
Adjustment of equity movements	-161	127	0	0
	-1.308	1.920	474	881

(- = costs)

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

7 Intangible assets

tDKK	Group Completed development projects	Software etc.
Cost at 1 July 2020	3.376	9.431
Additions	0	1.280
Disposals	0	-5.455
Cost at 30 June 2021	3.376	5.256
Amortisation and impairment losses at 1 July 2020	844	9.130
Foreign exchange adjustments	0	4
Amortisation	675	293
Disposals	0	-5.455
Amortisation and impairment losses at 30 June 2021	1.519	3.972
Carrying amount at 30 June 2021	1.857	1.284

8 Property, plant and equipment

	Group				
tDKK	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, tools and equipment**	**Leasehold improve-ments**	**Assets under construction**
Cost at 1 July 2020	143.269	116.074	10.840	302	22.775
Foreign exchange adjustments	-329	-253	-9	-1	-49
Transfer	0	820	-820	0	0
Additions	66	5.690	1.149	0	1.929
Disposals	0	-2.777	-1.026	0	-1.580
Cost at 30 June 2021	143.006	119.554	10.134	301	23.075
Depreciation and impairment losses at 1 July 2020	41.370	69.644	8.321	219	0
Foreign exchange adjustments	-101	-156	-15	0	0
Transfer	0	1.170	-1.170	0	0
Adjustment of earlier years depreciation	-943	0	0	0	0
Depreciation	5.802	10.365	1.125	62	0
Reversal of accumulated depreciation and impairment losses on assets sold	0	-2.755	-1.018	0	0
Depreciation and impairment losses at 30 June 2021	46.128	78.268	7.243	281	0
Carrying amount at 30 June 2021	96.878	41.286	2.891	20	23.075

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

9 **Investments**

tDKK	Group Other securities
Cost at 1 July 2020	35
Cost at 30 June 2021	35
Carrying amount at 30 June 2021	35

tDKK	Parent Investments in group entities	Parent Other securities
Cost at 1 July 2020	96.066	35
Additions	0	0
Disposals	-7.563	0
Cost at 30 June 2021	88.503	35
Revaluations at 1 July 2020	1.847	0
Foreign exchange adjustments, etc.	-175	0
Profit/loss for the year	2.067	0
Distributed dividend	-7.578	0
Adjustment regarding disposals	247	0
Value adjustments of hedging instruments before tax	61	0
Tax of hedging	181	0
Revaluations at 30 June 2021	-3.350	0
Carrying amount at 30 June 2021	85.153	35

Subsidiaries		Capital	Registered office	Ownership interest
Vega Salmon A/S	DKK	500.000	Kolding, Denmark	100,00%
Vega Salmon Deutschland Holding GmbH	EUR	25.000	Flensburg, Germany	100,00%
Vega Salmon GmbH	EUR	1.000.000	Flensburg, Germany	100,00%
Vega Salmon Vertrieb GmbH	EUR	25.000	Flensburg, Germany	100,00%
Vega Salmon Gebäude GmbH	EUR	200.000	Flensburg, Germany	100,00%
Vega Salmon Verkauf UG	EUR	10.000	Flensburg, Germany	100,00%
Vega Salmon Italia S.R.L.	EUR	10.000	Spoleto, Italia	100,00%

See also group chart on page 6.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

	Group		Parent	
tDKK	2020/21	2019/20	2020/21	2019/20
10 **Deferred tax assets**				
Deferred tax at 1 July	11.154	5.617	1.252	479
Adjustments for the year	1.277	5.537	474	773
Deferred tax at 30 June	12.431	11.154	1.726	1.252
Deferred tax relates to:				
Intangible assets and property, plant and equipment	558	1.008	0	0
Non-fixed assets	212	196	0	0
Financial instruments held to hedge future cash flows	140	-21	0	0
Tax losses carried forward	11.521	9.971	1.726	1.252
	12.431	11.154	1.726	1.252
Deferred tax is recognised in the balance sheet as follows:				
Deferred tax assets	12.431	11.154	1.726	1.252
	12.431	11.154	1.726	1.252

Comments on deferred tax

Deferred tax assets can be attributed to tax loss carryforwards, fixed assets, current assets and liabilities. A deferred tax asset of 12.431 tDKK is recognized in the balance of 2021, a large part of the is related to the tax loss carryforwards for the jointly taxed Danish Group. Based on expected positive earnings in future budgets, it is estimated that the tax loss carryforwards will be utilized within a period pf 3-5 years, with the uncertainty that is associated with budgets. The budget includes an expectation of increased earning levels compared with 2020/21. The development in the tax asset in the financial year 2020/21 was primarily due to larger cost than expected in relation to COVID-19, as mentioned in the Management's review.

11 **Prepayments**

Group

Prepayments comprise costs incurred concerning subsequent financial years.

12 **Share capital**

The share capital comprises:

tDKK	2020/21	2019/20
24,588,100 pcs. at a nominal amount of DKK 1.00	24.588	24.588

The share capital has not changed in 2020/21. In 2019/20, there was a capital increase of DKK 3,350 thousand, in 2018/19, there was a capital increase of DKK 92 thousand and in 2016/17 of DKK 1,146 thousand.

There are 21,238,100 A-shares and 3,350,000 B-shares. B-shares have an advance dividend right of DKK 34.3 million with the addition of interest of 8% pro anno.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

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12 **Share capital (continued)**

Warrants

In 2016/17, an agreement was reached on a warrant programme, which is issued to the benefit of the Board of Directors and the Executive Board as well as other key employees. In the financial year 2016/17, 3,353,479 warrants were issued with different hurdle rates from 4-14% and a subscription price of 6.25 per share. In the financial year 2017/18, 138,750 warrants were issued with hurdle rates of 12% and a subscription price of 7.5 per share. In the financial year 2018/19, 405,150 warrants were repealed or sold back from key employees at the time of leaving the Vega Group. Warrants give the right to subscribe for one share per warrant. No warrants were issued in 2019/20 or 2020/21. The warrants must be exercised by 31 August 2021 at the latest. In the following periode, no warrants have been issued or used, and no extension has been given, therefore the warrants have expired.

13 Non-current liabilities other than provisions

	Group			
tDKK	**Liabilities 30 June 2021**	**Due within 1 year**	**Non-current portion**	**Due after 5 years**
Payables to banking institutions	46.000	4.000	42.000	0
Other payables	1.422	0	1.422	892
	47.422	4.000	43.422	892
Deferred income	17.077	1.871	15.206	7.718
	64.499	5.871	58.628	8.610

14 Deferred income

Group

Deferred income, recognised under "Liabilities", DKK 15,206 thousand (2019/20: DKK 17,119 thousand) consists of accrued EU grants for capital expenditure, which are recognised as other income as the fixed assets are depreciated and payments received from customers which cannot be recognised as revenue until in the subsequent financial year.

15 Appropriation of profit/loss

	Parent	
tDKK	2020/21	2019/20
Proposed distribution of profit/loss		
Reserve for net revaluation according to the equity method	2.067	-7.681
Retained earnings	-3.041	-1.455
	-974	-9.136

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

16 **Collateral**

Group

A company charge of DKK 60,000 thousand has been provided as collateral for payables to banking institutions secured on operating equipment, goodwill, plant and machinery, inventories and trade receivables. Furthermore, plant and machinery and rolling stock (except for leased assets) in subsidiary in Germany have been provided as security. The carrying amount of the assets provided as security totalled DKK 97 million at 30 June 2021 (30 June 2020: DKK 130 million).

Land and buildings as well as machines and operating equipment have been provided as collateral for mortgage credit institutions and payables to banking institutions. The carrying amount of mortgaged land and buildings as well as machines and operating equipment totalled DKK 164 million at 30 June 2021 (30 June 2020: DKK 173 million).

Furthermore, the Group has provided a negative pledge to banking institutions.

Parent

The Company has guaranteed the subsidiaries' payables to banking institutions, which include the following companies:

Vega Salmon A/S
Vega Salmon GmbH
Vega Salmon Gebäude GmbH
Vega Salmon Vertrieb GmbH

At 30 June 2021, liabilities totalled DKK 8.8 million (30 June 2020: DKK 8.8 million).

Shares in Vega Salmon A/S have also been provided as security for credit facilities. Furthermore, the Company has provided a negative pledge to banking institutions

The Company has guaranteed the subsidiaries facility of sale of debtors to the banking institutions of up to DKK 100 million regarding any unqualified transferred receivables and 10% advance payment on transferred receivables. At 30 June 2021, transferred unpaid receivables amounted to DKK 54 million, while the advance payment is recognized as a receivable from sales and bank debt, respectively, and amounted to DKK 5 million. Management does not consider that any unqualified receivables have been transferred, and in the period after, all transferred receivables has been paid.

The Company has provided a comfort letter to Vega Salmon A/S in respect of providing sufficient liquidity to perform budgeted activities for 2021/22.

17 **Contractual obligations and contingencies, etc.**

Other financial liabilities

Group

The Group has entered into lease agreements with a lease payment totalling DKK 1,046 thousand during the next year. The residual lease obligation totalled DKK 1,324 thousand at 30 June 2021.

Parent

The Company is jointly taxed with MIE4 Holding 1 ApS and as of 1 April 2016, the Company and Danish subsidiary hold secondary liability for 94.7% (2019/20: 85.0%) of Danish income taxes and withholding taxes, etc. within the joint taxation unit. The jointly taxed entities' total known net liabilities towards the Central Tax Administration are disclosed in the parent company financial statements. Any subsequent corrections of the joint taxation income may entail that the Company's liability will increase.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

18 **Foreign currency and interest rate risks and use of derivative financial instruments**

The Group uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

Forecast transactions

The Group uses forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year:

		Contractual value		**Gains and losses recognised in equity after tax**	
tDKK	**Period**	2020/21	2019/20	2020/21	2019/20
Forward exchange contracts/swaps	0-6 months	24.074	65.666	-571	94

The Group has signed contracts with Fish Pool for physical supply of salmon for the financial year 2021/22 of DKK 40,3 million. The market value of the contracts as per 30 June 2021 is DKK 1,6 million.

Interest rate risks

The Group uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

	2020/21				2019/20			
tDKK	**Notional principal**	**Fair value**	**Value adjust-ment recogni-sed in equity**	**Term to maturity months**	**Notional principal**	**Fair value**	**Value adjust-ment recogni-sed in equity**	**Term to maturity months**
Interest rate swaps, EUR	34.860	-795	0	15	40.886	-1.612	0	27

The cash flows are expected to be realised and will affect results of operations over the term to maturity of the interest rate swap. The interest rate swap does not qualify for hedge accounting.

Consolidated financial statements and parent company financial statements for the period 1 July 2020 – 30 June 2021

Notes

19 **Related parties**

Vega Sea A/S' related parties comprise the following:

Control

Maj Invest Equity 4 K/S via MIE4 Holding 1 ApS (94,7%).

Related party transactions

tDKK	2020/21	2019/20
Parent		
Interest income from group entities	1.144	1.671
Capital injection and warrants	0	33.500
Receivables from group entities	36.224	29.787
Contribution grant to subsidiary	0	33.500

Remuneration/fees to members of the Executive Board and the Board of Directors of the parent company are reflected in note 4.

20 **Other**

Fees to the Company's auditor appointed by the general meeting

	Group	
tDKK	2020/21	2019/20
Total fees to EY:		
Fee for statutory audit	324	335
Tax assistance	184	79
Assurance engagements	125	0
Non-audit services	219	108
	852	522

Parent
Auditor's fee regarding parent company is included in the fee information for the Group.

Management's review

Appendix A

Management positions of the Board of Directors and the Executive Board

Vega Sea A/S' Board of Directors' and Executive Board's management positions in other companies are described below:

The Board of Directors

Søren Bach, Chairman (joined the Board of Directors in Vega Sea in 2016)
- Chairman, Message A/S, appointed in 2015
- Chairman, EC MES HOLDING ApS, appointed in 2015
- Chairman, MH55 ApS, appointed in 2015
- Chairman, Vega Salmon A/S, appointed in 2016
- Chairman,SkyBrands Holding A/S, appointed in 2021
- Chairman, SkyBrands A/S, appointed in 2021
- CEO, Urbach ApS, appointed in 1975
- CEO, Bach Dental Holding ApS, appointed in 2017
- Member of the Board of Directors and CEO, Holdingselskabet Oris Tandlægerne A/S and 2 wholly-owned subsidiaries, appointed in 2017

Per Høholt, Member of the Board of Directors (joined the Board of Directors in Vega Sea in 2013)
- Deputy Managing Partner, Maj Invest Equity A/S
- Member of the Board of Directors, Oreco A/S, appointed in 2015
- Member of the Board of Directors, Vega Salmon A/S, appointed in 2016
- CEO, MIE4 Holding 1 ApS, appointed in 2017
- Chairman, Fonden LDE 3 GP, appointed in 2018
- CEO and Member of the Board of Directors, MIE5 Datterholding 6 ApS, appointed in 2018
- CEO, LDETRE Holding 9 ApS, appointed in 2018
- Member of the Board of Directors, GOOD FOOD GROUP A/S, appointed in 2019
- Member of the Board of Directors, FONDEN MAJ INVEST EQUITY GENERAL PARTNER, appointed in 2021
- CEO, Sole ApS, appointed in 2021

Torben Svejgård, Member of the Board of Directors (joined the Board of Directors in Vega Sea in 2016)
- Member of the Advisory Board, BHJ Food & Petfood, appointed in 2015
- Chairman, DCH International A/S, appointed in 2016, member of the board since 2015
- Member of the Board of Directors, Convert A/S, appointed in 2018
- Member of the Board of Directors, TRIPLENINE GROUP A/S, appointed in 2016
- Member of the Advisory Board, Aquaticode, appointed in 2019
- Member of the Board of directors, Golden Springs Group, appointed in 2020
- Member of the Board of directors, Regal Springs Group, appointed in 2021

Henning Kruse Lorentzen, Member of the Board of Directors (joined the Board of Directors in Vega Sea in 2012)
- Member of the Board of Directors, BPI A/S, appointed in 2018
- Member of the Board of Directors, GOOD FOOD GROUP A/S, appointed in 2019
- Member of the Board of Directors, MIE5 Datterholding 6 ApS, appointed in 2019
- Member of the Board of Directors, DSHWOOD A/S, appointed in 2020

The Executive Board

Jakob Graasbøll Enemark, CEO, appointed in 2020
- CEO and member of the Board of Directors, Vega Salmon A/S, appointed in 2020
- CEO, Sestri Invest ApS, appointed in 2017

Maj Invest Equity 4 K/S has appointed all members of the Board of Directors.

The Board of Directors and Executive Board possesses directly and indirectly 3.9% of the share capital in Vega Sea A/S.