

Nordic Harvest A/S

Litauen Alle 13
DK-2630 Taastrup

CVR no. 40 33 77 92

Annual report 2023

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

28 June 2024

Nikolaj Juhl Hansen

Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for Nordic Harvest A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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

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

Taastrup, 28 June 2024

Executive Board:

Anders Ostenfeld Riemann

Board of Directors:

Michael Ingemann Nielsen
Chairman

Brian Hougaard

Henrik Christensen

Lars Ostenfeld Riemann



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Independent auditor's report

To the shareholder of Nordic Harvest A/S

Opinion

We have audited the financial statements of Nordic Harvest A/S for the financial year 1 January - 31 December 2023, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.



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As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 28 June 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Simon Vinberg Andersen
State Authorised Public Accountant
mne35458

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Management's review

Company details

Nordic Harvest A/S
Litauen Alle 13
DK-2630 Taastrup

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

Board of Directors

Michael Ingemann Nielsen, Chairman
Brian Hougaard
Henrik Christensen
Lars Ostenfeld Riemann

Executive Board

Anders Ostenfeld Riemann

Auditor

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

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Management's review

Operating review

Principal activities

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

Material uncertainties regarding going concern

The existing capital resources are currently not adequate to maintain operations without additional investment. In the year 2023, the company succeeded in accumulating DKK 6.5 million through the issuance of convertible loans and other forms of bridge funding. In addition, during the initial half of 2024, the company was able to secure DKK 8.7 million. To ensure the company's viability as a going concern, it is of paramount importance that the company persists in securing funding continuously. The company is also in violation of its loan covenants. Management remains in regular communication with the lender and anticipates that the lender will not enforce the loan's immediate repayment, which could have a severe impact on the company's capital resources. The urgency of the current financial situation calls for immediate and ongoing funding initiatives to ensure the sustainability of operations. We are confident in our ability to secure bridge funding until the next round of equity funding, which is projected to conclude in the third quarter of 2024.

Development in activities and financial position

The Company's income statement for 2023 shows a loss of DKK 29,905,916 as against a loss of DKK 33,366,952 in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK -28,111,957 as against DKK -1,756,041 at 31 December 2022.

In 2023, Nordic Harvest achieved several significant milestones, including the successful introduction of multiple new products. This was achieved in close collaboration with Salling Group, our primary retail partner. In addition to managing day-to-day operations, we prioritized the completion of our production development initiatives that were initiated in 2022.

The financial outcome aligns with our projections, given our strategic decision to procure additional capital for substantial renewal and expansion. This strategy is aimed at establishing a more efficient, high-yielding, and automated production facility capable of supporting the requisite overhead costs.

Events after the balance sheet date

The management has continued working on raising a large round of funding from Danish and International institutional investors. The Company have entered into several convertible loan agreements and bridge funding loans during 2024. In total the Company have secured additional financing in the amount of DKK 8.7 million.

No other events have occurred after the balance sheet date of material importance to the annual report for 2023.

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Management's review

Operating review

Treasury shares

Treasury shares are specified as follows:

	Number	Nom. DKK	% of contributed capital
Sold treasury shares in the financial year	20,286	3,550,000	4
Treasury shares at 31 December 2023	24,909	24,909	5
DKK			31/12 2023
Total acquisition cost			45,194
Total sales price			3,550,000

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Income statement

DKK	Note	2023	2022
Gross loss		-3,177,703	-10,680,666
Staff costs	3	-15,102,448	-15,765,966
Depreciation of property, plant and equipment		-5,443,653	-5,424,565
Loss before financial income and expenses		-23,723,804	-31,871,197
Other financial income		965	1,966
Other financial expenses		-5,653,635	-2,300,673
Loss before tax		-29,376,474	-34,169,904
Tax on loss for the year	4	-529,442	802,952
Loss for the year		<u>-29,905,916</u>	<u>-33,366,952</u>
Proposed distribution of loss			
Reserve for development costs		2,798,172	2,294,502
Retained earnings		-32,704,088	-35,661,454
		<u>-29,905,916</u>	<u>-33,366,952</u>

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets			
Development projects in progress		6,529,069	2,941,669
Property, plant and equipment	5		
Plant and machinery		11,066,616	14,184,528
Leasehold improvements		16,428,457	18,666,337
Property, plant and equipment in progress		1,666,597	764,926
		<u>29,161,670</u>	<u>33,615,791</u>
Financial assets			
Deposits		320,645	333,178
Total fixed assets		<u>36,011,384</u>	<u>36,890,638</u>
Current assets			
Inventories			
Finished goods and goods for resale		704,739	720,247
Receivables			
Trade receivables		491,204	232,585
Corporation tax		1,023,715	799,952
Deferred tax assets		0	1,553,157
Other receivables		245,304	346,991
Prepayments		915,467	190,054
		<u>2,675,690</u>	<u>3,122,739</u>
Cash at bank and in hand		45	9,797,143
Total current assets		<u>3,380,474</u>	<u>13,640,129</u>
TOTAL ASSETS		<u>39,391,858</u>	<u>50,530,767</u>

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		552,334	552,334
Reserve for development costs		5,092,674	2,294,502
Retained earnings		-33,756,965	-4,602,877
Total equity		<u>-28,111,957</u>	<u>-1,756,041</u>
Liabilities			
Non-current liabilities			
Subordinate loan capital	6	<u>48,153,041</u>	<u>41,349,139</u>
Current liabilities			
Debt to credit institutions		9,964,693	9,778,131
Trade payables		3,948,008	659,680
Subordinate loan capital	6	4,125,000	0
Other payables, including taxes payable		<u>1,313,073</u>	<u>499,858</u>
		<u>19,350,774</u>	<u>10,937,669</u>
Total liabilities		<u>67,503,815</u>	<u>52,286,808</u>
TOTAL EQUITY AND LIABILITIES		<u><u>39,391,858</u></u>	<u><u>50,530,767</u></u>

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Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	552,334	2,294,502	-4,602,877	-1,756,041
Sales of treasury shares	0	0	3,550,000	3,550,000
Transferred over the distribution of loss	0	2,798,172	-32,704,088	-29,905,916
Equity at 31 December 2023	552,334	5,092,674	-33,756,965	-28,111,957

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1 Accounting policies

The annual report of Nordic Harvest A/S for 2023 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

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

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

Income statement

Revenue

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

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

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment as well as payroll refunds.

Other external costs

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

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Financial income and expenses

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

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1 Accounting policies

Tax on loss for the year

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

Balance sheet

Intangible assets

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities. Capitalized development costs are in progress, and are not depreciated, before the technology becomes commercial.

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools 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 on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

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

Plant and machinery	3-10 years
Leasehold improvements	10 years

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

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

Investments

Deposits are recognised at amortised cost.

Impairment of fixed assets

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

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

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1 Accounting policies

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

Inventories

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries. Indirect production overheads and borrowing costs are not recognised in cost.

Receivables

Receivables are measured at amortised cost.

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

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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

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

Prepayments

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

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1 Accounting policies

Cash at bank and in hand

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

Liabilities

Liabilities are measured at amortised cost.

2 Material uncertainty regarding going concern

The Company has lost more than 50% of its contributed capital and is thus subject to the provisions on loss of capital under the Danish Companies Act. It is Management's expectation that the capital can be restored over operations going forward. If, contrary to expectations, this will not take place, the Company's owners will contribute new capital to restore the contributed capital.

The existing capital resources are currently not adequate to maintain operations without additional investment. In the year 2023, the company succeeded in accumulating DKK 6.5 million through the issuance of convertible loans and other forms of bridge funding. In addition, during the initial half of 2024, the company was able to secure DKK 8.7 million. To ensure the company's viability as a going concern, it is of paramount importance that the company persists in securing funding continuously. The company is also in violation of its loan covenants. Management remains in regular communication with the lender and anticipates that the lender will not enforce the loan's immediate repayment, which could have a severe impact on the company's capital resources. The urgency of the current financial situation calls for immediate and ongoing funding initiatives to ensure the sustainability of operations. We are confident in our ability to secure bridge funding until the next round of equity funding, which is projected to conclude in the third quarter of 2024.

3 Staff costs

DKK	2023	2022
Wages and salaries	13,656,162	14,357,956
Pensions	1,174,427	1,189,861
Other social security costs	271,859	218,149
	<u>15,102,448</u>	<u>15,765,966</u>
Average number of full-time employees	<u>33</u>	<u>35</u>

4 Tax on loss for the year

DKK	2023	2022
Current tax for the year	-1,023,715	-802,952
Deferred tax adjustment for the year	1,553,157	0
	<u>529,442</u>	<u>-802,952</u>

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5 Property, plant and equipment

DKK	Plant and machinery	Leasehold improvements	Property, plant and equipment in progress	Total
Cost at 1 January 2023	19,725,342	22,356,929	764,926	42,847,197
Additions	87,861	0	901,671	989,532
Cost at 31 December 2023	19,813,203	22,356,929	1,666,597	43,836,729
Depreciation and impairment at 1 January 2023	-5,540,814	-3,690,592	0	-9,231,406
Depreciation for the year	-3,205,773	-2,237,880	0	-5,443,653
Depreciation and impairment at 31 December 2023	-8,746,587	-5,928,472	0	-14,675,059
Carrying amount at 31 December 2023	11,066,616	16,428,457	1,666,597	29,161,670

6 Non-current liabilities other than provisions

DKK	31/12 2023	31/12 2022
Subordinate loan capital:		
0-1 year	4,125,000	0
1-5 year	48,153,041	39,958,491
>5 year	0	1,390,648
	52,278,041	41,349,139

7 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has rent and operating lease obligations totaling DKK 17.5 million. (2022: DKK 20 million)

8 Mortgages and collateral

The Company have provided its fixed assets as collateral for debt to banks. The collateral amounts to DKK 12,5 million. (2022: DKK 12,5 million)