CARNAD A/S

Falstervej 6, DK-9670 Løgstør

Annual Report for 2024

CVR No. 34 58 03 75

The Annual Report was presented and adopted at the Annual General Meeting of the company on 11/2 2025

Frank Nielsen
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CARNAD A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Løgstør, 11 February 2025

Executive Board

Erik Horst Schrøder
CEO

Board of Directors

Johnny Koch Chairman	Asbjørn Berge	Gert Jørn Kjeldsen

Independent Auditor's report

To the shareholders of CARNAD A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of CARNAD A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, 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 in Management's Review.

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aalborg, 11 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Toft Kristensen
State Authorised Public Accountant
mne27727

Company information

The Company	CARNAD A/S Falstervej 6 DK-9670 Løgstør
	CVR No: 34 58 03 75
	Financial period: 1 January - 31 December
	Incorporated: 23 May 2012
	Financial year: 13th financial year
	Municipality of reg. office: Vesthimmerlands kommune
Board of Directors	Johnny Koch, chairman Asbjørn Berge Gert Jørn Kjeldsen
Executive Board	Erik Horst Schrøder
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skibsbyggerivej 5, 4. sal DK-9000 Aalborg

Management's review

Key activities

Carnad is engaged in production and development of clean label kokumi powder, broths and extracts for the food industry.

Carnad adresses the global political agenda of circularity. Valuable side streams/by-products are processed into recognizable consumer products with high sustainability and low energy consumption.

Carnads kokumi extracts substitutes MSG, yeast extracts and aroma substances, E-numbers. All products are free from additives. We expect increased demand for our products.

Carnad offers clean label kokumi products from more than 22 different types of raw material, conventional, organic as well as Halal.

Development in the year

The income statement of the Company for 2024 shows a profit of DKK 4,422,632, and at 31 December 2024 the balance sheet of the Company shows a positive equity of DKK 21,590,504.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2024	2023
		DKK	DKK
Gross profit		**14,507,299**	**12,999,612**
Staff expenses	1	-6,568,350	-6,938,766
Depreciation and impairment losses of property, plant and equipment		-2,166,864	-2,431,498
Profit/loss before financial income and expenses		**5,772,085**	**3,629,348**
Financial income	2	559,120	5,547
Financial expenses		-665,518	-712,774
Profit/loss before tax		**5,665,687**	**2,922,121**
Tax on profit/loss for the year	3	-1,243,055	-641,318
Net profit/loss for the year		**4,422,632**	**2,280,803**

Distribution of profit

	2024	2023
	DKK	DKK
Proposed distribution of profit		
Retained earnings	4,422,632	2,280,803
	4,422,632	**2,280,803**

Balance sheet 31 December

Assets

	Note	2024	2023
		DKK	DKK
Completed development projects		0	121,076
Intangible assets	4	**0**	**121,076**
Land and buildings		13,672,231	14,063,516
Plant and machinery		10,305,687	11,849,064
Property, plant and equipment	5	**23,977,918**	**25,912,580**
Fixed assets		**23,977,918**	**26,033,656**
Raw materials and consumables		80,000	100,000
Finished goods and goods for resale		3,600,000	3,400,000
Inventories		**3,680,000**	**3,500,000**
Trade receivables		1,607,010	2,561,474
Receivables from group enterprises		0	198,114
Other receivables		196,738	251,772
Prepayments		91,000	151,275
Receivables		**1,894,748**	**3,162,635**
Cash at bank and in hand		**4,529,447**	**143,599**
Current assets		**10,104,195**	**6,806,234**
Assets		**34,082,113**	**32,839,890**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		DKK	DKK
Share capital		612,933	612,933
Reserve for development costs		0	94,439
Retained earnings		20,977,571	16,460,500
Equity		**21,590,504**	**17,167,872**
Provision for deferred tax		1,160,405	1,013,000
Provisions		**1,160,405**	**1,013,000**
Mortgage loans		2,371,777	2,940,778
Credit institutions		3,350,000	4,020,000
Lease obligations		2,523,106	3,949,479
Long-term debt	6	**8,244,883**	**10,910,257**
Mortgage loans	6	110,127	169,000
Credit institutions	6	670,000	949,445
Lease obligations	6	1,426,205	1,353,000
Trade payables		601,077	649,987
Payables to group enterprises relating to corporation tax		50,966	253,410
Other payables		119,287	247,148
Deferred income		108,659	126,771
Short-term debt		**3,086,321**	**3,748,761**
Debt		**11,331,204**	**14,659,018**
Liabilities and equity		**34,082,113**	**32,839,890**
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Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	612,933	94,439	16,460,500	17,167,872
Depreciation, amortisation and impairment for the year	0	-94,439	94,439	0
Net profit/loss for the year	0	0	4,422,632	4,422,632
Equity at 31 December	**612,933**	**0**	**20,977,571**	**21,590,504**

Notes to the Financial Statements

1. Staff expenses

	2024 DKK	2023 DKK
Wages and salaries	6,051,002	6,304,175
Pensions	429,913	566,699
Other social security expenses	77,611	67,892
Other staff expenses	9,824	0
	6,568,350	**6,938,766**
Average number of employees	**10**	**10**

2. Special items

	2024 DKK	2023 DKK
Capital gain from mortgage refinancing	553,333	0
	553,333	**0**

3. Income tax expense

	2024 DKK	2023 DKK
Current tax for the year	1,095,650	501,410
Deferred tax for the year	147,405	139,908
	1,243,055	**641,318**

4. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	726,455
Cost at 31 December	726,455
Impairment losses and amortisation at 1 January	605,379
Amortisation for the year	121,076
Impairment losses and amortisation at 31 December	726,455
Carrying amount at 31 December	**0**
Amortised over	5 years

Completed production projects compromises development and test of new production facilities which is implemented to achieve greater effectiveness and productivity in the production. The company has experienced a raise in yield from the production facility since the implementation.

5. Property, plant and equipment

	Land and buildings	Plant and machinery
	DKK	DKK
Cost at 1 January	16,866,301	18,643,985
Additions for the year	16,575	94,551
Cost at 31 December	16,882,876	18,738,536
Impairment losses and depreciation at 1 January	2,802,785	6,794,921
Depreciation for the year	407,860	1,637,928
Impairment losses and depreciation at 31 December	3,210,645	8,432,849
Carrying amount at 31 December	**13,672,231**	**10,305,687**
Amortised over	30-50 years	5-15 years
Including assets under finance leases amounting to	0	5,445,147

	2024	2023
	DKK	DKK

6. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Mortgage loans		
After 5 years	1,748,806	2,264,778
Between 1 and 5 years	622,971	676,000
Long-term part	2,371,777	2,940,778
Within 1 year	110,127	169,000
	2,481,904	**3,109,778**
Credit institutions		
After 5 years	0	670,000
Between 1 and 5 years	3,350,000	3,350,000
Long-term part	3,350,000	4,020,000
Within 1 year	670,000	670,000
Other short-term debt to credit institutions	0	279,445
	4,020,000	**4,969,445**
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	2,523,106	3,949,479
Long-term part	2,523,106	3,949,479
Within 1 year	1,426,205	1,353,000
	3,949,311	**5,302,479**

	2024	2023
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage loans:		
Land and buildings	13,672,231	14,063,516
The following assets have been placed as security with credit institutions:		
Plant and machinery	10,307,931	11,849,064
Inventories	3,580,000	3,500,000
Trade receivable	1,607,010	2,561,474

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:		
Within 1 year	20,548	219,114
	20,548	**219,114**

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Fam. Berge Holding I ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

8. Accounting policies

The Annual Report of CARNAD A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the ultimate parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning leasing and marketing.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.