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# ***J.P. KLAUSEN & CO. A/S***

Østre Havnevej 16B, DK-5700 Svendborg

## **Annual Report for 2022**

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CVR No. 16 64 92 01

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 24/4 2023

Lars Hermes Olsen  
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 Financial Statements of J.P. KLAUSEN & CO. A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Svendborg, 24 April 2023

## Executive Board

Jens Peter Klausen  
CEO

## Board of Directors

Lars Hermes Olsen  
Chairman

Carl Mouritz Højrup

Jens Peter Klausen

# Independent Auditor's report

To the shareholder of J.P. KLAUSEN & CO. 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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of J.P. KLAUSEN & CO. A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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, 24 April 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Line Borregaard

State Authorised Public Accountant

mne34353

Morten Porup

State Authorised Public Accountant

mne47816

## Company information

<b>The Company</b>	J.P. KLAUSEN & CO. A/S Østre Havnevej 16B DK-5700 Svendborg  CVR No: 16 64 92 01 Financial period: 1 January - 31 December Municipality of reg. office: Svendborg
<b>Board of Directors</b>	Lars Hermes Olsen, chairman Carl Mouritz Højrup Jens Peter Klausen
<b>Executive board</b>	Jens Peter Klausen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,018,968	831,233	748,686	820,825	877,398
Gross profit/loss	21,311	17,891	17,922	22,093	22,389
Profit/loss of ordinary primary operations	12,191	9,208	10,159	14,014	11,417
Profit/loss before financial income and expenses	12,191	9,208	10,159	14,014	11,529
Profit/loss of financial income and expenses	-2,276	1,178	-2,134	-3,627	-4,325
Net profit/loss	8,567	8,827	6,311	8,116	5,573
<b>Balance sheet</b>					
Balance sheet total	281,459	235,260	165,990	206,980	180,396
Equity	48,241	46,523	41,284	36,108	34,354
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-28,179	-16,956	44,604	-113	-34,525
- investing activities	3,122	2,790	-54	-28	-7
- financing activities	23,963	14,431	-44,466	-5,000	-5,000
Change in cash and cash equivalents for the year	-1,094	265	84	-5,141	-39,532
Number of employees	11	12	12	10	12
<b>Ratios</b>					
Gross margin	2.1%	2.2%	2.4%	2.7%	2.6%
Profit margin	1.2%	1.1%	1.4%	1.7%	1.3%
Return on assets	4.3%	3.9%	6.1%	6.8%	6.4%
Solvency ratio	17.1%	19.8%	24.9%	17.4%	19.0%
Return on equity	18.1%	20.1%	16.3%	23.0%	16.8%

# Management's review

## Key activities

The Company's activity is purchase, sales and distribution of fish and fish products.

## Development in the year

The income statement of the Company for 2022 shows a profit of TDKK 8,567, and at 31 December 2022 the balance sheet of the Company shows positive equity of TDKK 48,241.

## The past year and follow-up on development expectations from last year

The result for the year is realised above the Management's expected level of DKK 5-7 million. Management considers the result as being satisfactory.

The company expects a result for the financial year 2023 in the interval DKK 5-6 million.

## Operating risks

Trade with high quality food as well as high food safety have the Company's high priority. Import of food from third countries is constantly influenced by various statutory interventions, both nationally as well as from the EU.

## Market risks

Changes in the market price for raw materials which have not yet been sold according to contract can affect the Company's earnings possibilities, both upwards and downwards.

## Foreign exchange risks

International trade entails that result and cash flows are affected by exchange rate movements, particularly regarding USD. It is the Company's policy to hedge commercial currency exposure. No speculative exchange rate positions are entered.

## Branches abroad

J.P. Klausen & Co. A/S has a branch in the Netherlands.

## Statement of corporate social responsibility

Sustainable development of the seafood business is imperative and a necessary for seafood to continue to feed the world. J. P. Klausen & Co. A/S recognizes this responsibility and as a large player in the seafood market try and impose sustainable transformation of the supply chain from Farm / Fishing to consumer.

## Business model

J. P. Klausen & Co. A/S is an international supplier of seafood items. Purchase is handled in cooperation with several hubs that handle quality control at the sites of production.



# Management's review

## *Assessment of risks related to our business model*

We hold the highest standards of quality and food safety and we strive to do our business with respect for the natural resources and our supply chain. Global trade means global responsibilities and J. P. Klausen & Co. A/S recognize this and act upon the inherent risks that come with the products purchased. Illegal fishing, overfishing, unsustainable farming and socially unacceptable productions to name the most important ones.

We are conscious of our responsibilities and integrate this in our policies on both practical and strategic levels of our activities. We have a close dialogue with our customers and other relevant stakeholders to ensure compliance with both market standards and customer expectations. We strive to present as wide a sustainable product range as feasibly possible.

J. P. Klausen & Co. A/S applies a principle of “hands on” with suppliers and will engage in and cooperate with suppliers of potential even if there is room for improvement. It is the wish of J. P. Klausen & Co. A/S to use its knowledge and monetary power to push suppliers in a sustainable direction. Business grants influence.

## *Policies and social responsibility*

JPK has internal guidelines, policies and goals which ensure that our employees work in a healthy working environment and that they have the best possible working conditions. We prioritize work safety in our factory and hold the safety of our staff to the highest standard. We have established and uphold policies on:

- Human rights and Labour
- Environment / Climate change
- Anticorruption and bribery
- Animal welfare and Biodiversity

The policies lay out the framework of our social responsibilities and present our systematic approach to reducing the negative impact our products upon work force, the environment and ecology. They contain both our very principal standpoints and the tools we use in our CSR workflows.

# Management's review

## 2022 - Results

### Human rights and Labour

In our Company, we are all equally entitled to our human rights without discrimination. These rights are all interrelated. The principles are: Universal and inalienable, Interdependent and indivisible, Equal and non-discriminatory, and Both Rights and Obligations.

Our company is strongly against child labour, forced labour, discrimination and an unhealthy working environment.

In alignment with our goal for 2021 we have invested in a BSCI (Business social compliance Initiative) membership and established a registration and monitoring programme for our relevant suppliers. BSCI operate a system of country classification into risk or low risk countries (countries risk classification 2022). This is based on key governance indicators and serve as a guideline to where your efforts should be directed. It is our 2022 goal to increase the purchase volume percentage of suppliers in risk countries that hold a 3rd party validated social standard. Nordic Seafood accept BSCI, SMETA and SA8000 as valid social standards – this is in line with most of our customers. In 2022 we have started to engage directly in the certification process of BSCI and now hold RSP for a handful of our suppliers. Currently Nordic Seafood purchase 43% of its volume in risk countries, as defined on BSCIs “countries risk classification 2022”. 36% of the volume from risk countries comes from suppliers that hold a Social standard. This is an improvement from 26% in 2021. It is our expectation and goal to further increase the volume of products produced by suppliers that hold a social standard in 2023.

J.P. Klausen & Co. A/S operates in countries where human rights and Labour protection are a fully integrated part of national legislation. Furthermore we have a low-hierarchical and open organisation that facilitates easy access to management.

J.P. Klausen & Co. A/S Occupational Health and Safety:

J.P. Klausen & Co. A/S' administration does not hold significant physical risks. In our factory and in our coldstore, several functions hold an inherent risk of injury. The risks are managed through our Occupational Health and safety team and through our APVs. The APVs are also our tool for managing our psychological work environment.

Our staff policies are communicated to all new staff as a part of their induction program. The policies are also available on Nordic Seafoods intranet. Factory staff receive the policies in a folder as a part of their induction. The policies are revised and updated continuously.

In the financial year 2022 there have been no work accidents to report. It is our ambition to remain at this very low level of incidents in 2023.

### *Sustainability / Environment / climate change*

To evaluate the effect of J. P. Klausen Co. A/S efforts, monitoring programs have been established. Data on volume and diversity of sustainable products will be included. The aim is to use the data to target business areas where potential for improvement is present. It is also our aim to further improve and extend our sustainable products range.

In the financial year 2022, the number of sustainable species remains stable at 7. The volume of sustainable products remains stable at 48% of total volume.

# Management's review

## *Anticorruption and bribery*

J. P. Klausen Co. A/S Anticorruption and Bribery policy describe a zero tolerance towards corruption. Exceptions defined, include modest gifts (giving / receiving) and modest representation. J. P. Klausen Co. A/S Risk profile on corruption and bribery is notable as we have activities in countries wherein corruption is more common. The risk is managed by training our staff in J. P. Klausen Co. A/S Anticorruption and Bribery policy. Training in anticorruption and bribery policy is part of J. P. Klausen Co. A/S induction programme and also a subject at our recurring CSR courses for all relevant staff. In the financial year 2022 there have been no incidents. It is our expectations that we will have zero incidents in 2023.

## **Statement on gender composition**

J. P. Klausen & Co. A/S is owned by Nordic Seafood A/S. Nordic Seafood A/S is owned and controlled by Nippon Suisan Kaisha ldt (Nissui) which is listed in Japan. J. P. Klausen & Co. A/S' Board of directors is formed by executive board members and board of directors members appointed from companies within the Nissui group. Members who have a direct and natural association with the J. P. Klausen & Co. A/S Group's business area.

Currently there are no female Board of directors representatives. In consideration of the owners of the company as described above, the company has in 2015 stated an objective to appoint one female board member (or 40%) within the next 10 years.

J. P. Klausen & Co. A/S has an equal opportunity policy applicable to all levels of management. Thereby the company will focus on attracting female candidates at all levels of management. The right qualifications will take precedence.

No changes have been implemented in 2022.

## **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	2022	2021
		TDKK	TDKK
Revenue	1	1,018,968	831,233
Expenses for raw materials and consumables		-989,817	-804,852
Other external expenses		-7,840	-8,490
<b>Gross profit</b>		<b>21,311</b>	<b>17,891</b>
Staff expenses	2	-9,042	-8,627
Depreciation and impairment losses of property, plant and equipment	3	-78	-56
<b>Profit/loss before financial income and expenses</b>		<b>12,191</b>	<b>9,208</b>
Income from investments in subsidiaries		3,521	2,790
Financial income	4	927	794
Financial expenses	5	-6,724	-2,406
<b>Profit/loss before tax</b>		<b>9,915</b>	<b>10,386</b>
Tax on profit/loss for the year	6	-1,348	-1,559
<b>Net profit/loss for the year</b>	7	<b>8,567</b>	<b>8,827</b>

## Balance sheet 31 December

### Assets

	Note	2022 TDKK	2021 TDKK
Other fixtures and fittings, tools and equipment		386	65
<b>Property, plant and equipment</b>	8	<b>386</b>	<b>65</b>
Investments in subsidiaries	9	0	0
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>
<b>Fixed assets</b>		<b>386</b>	<b>65</b>
Finished goods and goods for resale		142,253	66,641
Prepayments for goods		19,843	8,419
<b>Inventories</b>		<b>162,096</b>	<b>75,060</b>
Trade receivables		113,387	153,272
Receivables from group enterprises		2,351	3,579
Other receivables	13	1,138	2,035
Deferred tax asset	10	1,659	0
Prepayments	11	386	99
<b>Receivables</b>		<b>118,921</b>	<b>158,985</b>
<b>Cash at bank and in hand</b>		<b>56</b>	<b>1,150</b>
<b>Current assets</b>		<b>281,073</b>	<b>235,195</b>
<b>Assets</b>		<b>281,459</b>	<b>235,260</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital	12	600	600
Reserve for hedging transactions		-1,374	475
Retained earnings		44,015	40,448
Proposed dividend for the year		5,000	5,000
<b>Equity</b>		<b>48,241</b>	<b>46,523</b>
Provision for deferred tax	10	0	317
<b>Provisions</b>		<b>0</b>	<b>317</b>
Credit institutions		0	4,074
Trade payables		80,875	67,566
Payables to group enterprises		143,298	110,261
Corporation tax		3,301	1,064
Other payables	13	5,744	5,455
<b>Short-term debt</b>		<b>233,218</b>	<b>188,420</b>
<b>Debt</b>		<b>233,218</b>	<b>188,420</b>
<b>Liabilities and equity</b>		<b>281,459</b>	<b>235,260</b>
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

## Statement of changes in equity

	Share capital	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	600	475	40,448	5,000	46,523
Ordinary dividend paid	0	0	0	-5,000	-5,000
Fair value adjustment of hedging instruments, beginning of year	0	-475	0	0	-475
Fair value adjustment of hedging instruments, end of year	0	-1,762	0	0	-1,762
Tax on adjustment of hedging instruments for the year	0	388	0	0	388
Net profit/loss for the year	0	0	3,567	5,000	8,567
<b>Equity at 31 December</b>	<b>600</b>	<b>-1,374</b>	<b>44,015</b>	<b>5,000</b>	<b>48,241</b>

## Cash flow statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Result of the year		8,567	8,827
Adjustments	14	3,702	437
Change in working capital	15	-34,080	-22,350
<b>Cash flow from operations before financial items</b>		<b>-21,811</b>	<b>-13,086</b>
Financial income		927	794
Financial expenses		-6,724	-2,405
<b>Cash flows from ordinary activities</b>		<b>-27,608</b>	<b>-14,697</b>
Corporation tax paid		-571	-2,259
<b>Cash flows from operating activities</b>		<b>-28,179</b>	<b>-16,956</b>
Purchase of property, plant and equipment		-399	0
Dividends received from subsidiaries		3,521	2,790
<b>Cash flows from investing activities</b>		<b>3,122</b>	<b>2,790</b>
Repayment of loans from credit institutions		-4,074	3,464
Repayment of payables to group enterprises		33,037	15,967
Dividend paid		-5,000	-5,000
<b>Cash flows from financing activities</b>		<b>23,963</b>	<b>14,431</b>
<b>Change in cash and cash equivalents</b>		<b>-1,094</b>	<b>265</b>
Cash and cash equivalents at 1 January		1,150	885
<b>Cash and cash equivalents at 31 December</b>		<b>56</b>	<b>1,150</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		56	1,150
<b>Cash and cash equivalents at 31 December</b>		<b>56</b>	<b>1,150</b>



# Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Scandinavia	111,030	84,018
Europe	583,187	447,895
North America	253,051	225,006
Other countries	71,700	74,314
	<u>1,018,968</u>	<u>831,233</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	8,122	7,736
Pensions	738	708
Other social security expenses	182	183
	<u>9,042</u>	<u>8,627</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>11</u>	<u>12</u>
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	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>3. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	78	56
	<u>78</u>	<u>56</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>4. Financial income</b>		
Other financial income	927	794
	<u>927</u>	<u>794</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>5. Financial expenses</b>		
Interest paid to group enterprises	648	330
Other financial expenses	6,076	2,076
	<u>6,724</u>	<u>2,406</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>6. Income tax expense</b>		
Current tax for the year	2,808	867
Deferred tax for the year	-1,454	708
Adjustment of tax concerning previous years	-6	-16
	<u>1,348</u>	<u>1,559</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>7. Profit allocation</b>		
Proposed dividend for the year	5,000	5,000
Retained earnings	3,567	3,827
	<u>8,567</u>	<u>8,827</u>

# Notes to the Financial Statements

## 8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	821
Additions for the year	399
Cost at 31 December	<u>1,220</u>
Impairment losses and depreciation at 1 January	756
Depreciation for the year	78
Impairment losses and depreciation at 31 December	<u>834</u>
<b>Carrying amount at 31 December</b>	<b><u>386</u></b>
Amortised over	<u>3-5 years</u>

	2022	2021
	TDKK	TDKK
<b>9. Investments in subsidiaries</b>		
Cost at 1 January	<u>0</u>	<u>0</u>
Cost at 31 December	<u>0</u>	<u>0</u>
Value adjustments at 1 January	<u>0</u>	<u>0</u>
Value adjustments at 31 December	<u>0</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>	<b><u>0</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
J.P. Klausen South America SA	Uruguay	60%	<u>29,333</u>	<u>9,277</u>
			<b><u>29,333</u></b>	<b><u>9,277</u></b>

## Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
<b>10. Deferred tax asset</b>		
Deferred tax asset at 1 January	-317	790
Amounts recognised in the income statement for the year	1,454	-708
Amounts recognised in equity for the year	522	-399
<b>Deferred tax asset at 31 December</b>	<b>1,659</b>	<b>-317</b>
Property, plant and equipment	-29	-46
Prepayments	85	22
Derivatives	-1,715	341
Transferred to deferred tax assets	1,659	0
	<b>0</b>	<b>317</b>

Deferred tax has been provided at 22% corresponding to the current tax rate.

### Deferred tax asset

Calculated tax assets	1,659	0
<b>Carrying amount</b>	<b>1,659</b>	<b>0</b>

## 11. Prepayments

Prepayments consist of prepaid expenses concerning rent, leasing as well as uninvoiced freight.

## 12. Share capital

The share capital consists of 600 shares of a nominal value of TDKK 1,000. No shares carry any special rights. There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

## 13. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Assets	0	417
Liabilities	1,731	0

Forward exchange contracts have been concluded to hedge future purchase and sale of goods in foreign currencies. At the balance sheet date, the nominal value of the exchange contracts amounts to DKK'000 60.530. According to group foreign currency policy all purchases and sales are hedged when it is likely that the underlying contract will be fulfilled. Purchase contracts have been hedged for a period of 1-8 months and sales contracts for a period of 1-8 months.

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Financial income	-927	-794
Financial expenses	6,724	2,406
Depreciation, amortisation and impairment losses, including losses and gains on sales	78	56
Income from investments in subsidiaries	-3,521	-2,790
Tax on profit/loss for the year	1,348	1,559
	<u>3,702</u>	<u>437</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK

## 15. Cash flow statement - Change in working capital

Change in inventories	-87,036	17,329
Change in receivables	41,723	-87,180
Change in trade payables, etc	13,598	45,675
Fair value adjustments of hedging instruments	-2,365	1,826
	<u>-34,080</u>	<u>-22,350</u>

## Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
<b>16. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Obligation under operating leases concerning cars and computer equipment. The remaining term is 5-31 months. (5-35 months)	503	534
Lease obligations, period of non-terminability 3-55 months. (3-5 months)	331	241
	<u>834</u>	<u>775</u>

### Other contingent liabilities

The Group's Danish companies are joint and several liable regarding tax on the Group's jointly taxed income etc. The total due corporation tax amount is shown in the Annual Report of Nordic Seafood A/S which is the administrative company in relation to the joint taxation. The Group's Danish companies are also joint and several liable for Danish tax at source in the form of dividend tax, tax on royalty, payments and tax on unearned income. Any subsequent corrections to corporation taxes and tax at source may result in the Company's liabilities constituting a larger amount.

# Notes to the Financial Statements

## 17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Nissui Corporation Ltd.	Ultimate parent company
Nordic Seafood A/S, Registration number. 11 14 21 41	Parent Company
<b>Other related parties</b>	
J.P. Klausen South America SA	Subsidiary, ownership 60 %

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Transactions with related parties have been performed on arm's length terms.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Nissui Corporation Ltd.	Nishi-Shimbashi Square, Minato-ku, Tokyo 105-8676, Japan
Nordic Seafood A/S	Søren Nordbysvej 15, DK-9850 Hirtshals

The Group Annual Report of Nissui Corporation Ltd. may be obtained at the following address:  
Nishi-Shimbashi Square, Minato-ku, Tokyo 105-8676, Japan

The Group Annual Report of Nordic Seafood A/S may be obtained at the following address:  
Søren Nordbysvej 15, DK-9850 Hirtshals

# Notes to the Financial Statements

## 18. Accounting policies

The Annual Report of J.P. KLAUSEN & CO. A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Nordic Seafood A/S, the Company has not prepared consolidated financial statements.

### 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.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.



# Notes to the Financial Statements

## Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Segment information on revenue

Information on geographical segments is based on the Company's risks and returns and its internal financial reporting system.

## Income statement

### Net sales

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.

### 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. The item is net of refunds made by public authorities.

### Amortisation, depreciation and impairment losses

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

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

# Notes to the Financial Statements

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for 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 Danish group enterprises. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

### 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.

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:

Other fixtures and fittings, tools and equipment	3-5 years
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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 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 depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Inventories

Inventories are measured at the lower of cost based on weighted average prices 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 are measured at cost which comprise purchase price plus landed cost.

# Notes to the Financial Statements

## 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 rent, insurance premiums, subscriptions and interest.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

### Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

### Financial debts

Loans, such as 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.

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

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

# Notes to the Financial Statements

## Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

## Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

## Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$