
Nordsøtrawl A/S

Nordsøkaj 18, DK-7680 Thyborøn

Annual Report for 1 January - 31 December 2021

CVR No 34 90 30 18

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
4 /5 2022

Hjörtur Valdemar
Erlendsson
Chairman of the General
Meeting



Contents

| | <u>Page</u> |
|--|-------------|
| Management's Statement and Auditor's Report | |
| Management's Statement | 1 |
| Independent Auditor's Report | 2 |
| Company Information | |
| Company Information | 4 |
| Financial Statements | |
| Income Statement 1 January - 31 December | 5 |
| Balance Sheet 31 December | 6 |
| Statement of Changes in Equity | 8 |
| Notes to the Financial Statements | 9 |

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Nordsøtrawl A/S for the financial year 1 January - 31 December 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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

Thyborøn, 4 May 2022

Executive Board

Flemming Ruby
Executive Officer

Board of Directors

Hjörtur Valdemar Erlendsson
Chairman

Michael Kenn Kjærulff Lassen

Flemming Ruby

Independent Auditor's Report

To the Shareholders of Nordsøtrawl 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nordsøtrawl A/S for the financial year 1 January - 31 December 2021, 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.

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.

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:

Independent Auditor's Report

- 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, 4 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Borregaard

statsautoriseret revisor

mne34353

Company Information

The Company

Nordsøtrawl A/S
Nordsøkaj 18
DK-7680 Thyborøn

Telephone: + 45 97832090

Facsimile: + 45 97831280

CVR No: 34 90 30 18

Financial period: 1 January - 31 December

Municipality of reg. office: Lemvig

Board of Directors

Hjörtur Valdemar Erlendsson, Chairman
Michael Kenn Kjærulff Lassen
Flemming Ruby

Executive Board

Flemming Ruby

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK-9000 Aalborg

Income Statement 1 January - 31 December

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Gross profit/loss | | 16.814.951 | 19.442.017 |
| Staff expenses | 2 | -12.470.405 | -13.589.245 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | -2.071.652 | -2.004.163 |
| Other operating expenses | | 0 | -13.665 |
| Profit/loss before financial income and expenses | | 2.272.894 | 3.834.944 |
| Financial income | 3 | 9.537 | 0 |
| Financial expenses | | -93.812 | -78.003 |
| Profit/loss before tax | | 2.188.619 | 3.756.941 |
| Tax on profit/loss for the year | 4 | -495.062 | -833.097 |
| Net profit/loss for the year | | 1.693.557 | 2.923.844 |

Distribution of profit

| | 2021 DKK | 2020 DKK |
|--|------------------|------------------|
| Proposed distribution of profit | | |
| Proposed dividend for the year | 1.500.000 | 1.900.000 |
| Retained earnings | 193.557 | 1.023.844 |
| | 1.693.557 | 2.923.844 |

Balance Sheet 31 December

Assets

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Goodwill | | 924.750 | 1.824.750 |
| Intangible assets | 5 | 924.750 | 1.824.750 |
| Land and buildings | | 11.374.483 | 11.765.725 |
| Plant and machinery | | 992.314 | 1.268.283 |
| Other fixtures and fittings, tools and equipment | | 1.474.804 | 1.691.833 |
| Property, plant and equipment | 6 | 13.841.601 | 14.725.841 |
| Other investments | | 0 | 0 |
| Fixed asset investments | 7 | 0 | 0 |
| Fixed assets | | 14.766.351 | 16.550.591 |
| Raw materials and consumables | | 9.033.316 | 8.760.114 |
| Work in progress | | 69.115 | 56.415 |
| Finished goods and goods for resale | | 1.610.822 | 1.460.928 |
| Inventories | | 10.713.253 | 10.277.457 |
| Trade receivables | | 2.899.228 | 2.798.524 |
| Receivables from group enterprises | | 0 | 9.919 |
| Other receivables | | 924.247 | 1.894.666 |
| Prepayments | | 45.016 | 44.531 |
| Receivables | | 3.868.491 | 4.747.640 |
| Cash at bank and in hand | | 3.108.614 | 2.653.648 |
| Currents assets | | 17.690.358 | 17.678.745 |
| Assets | | 32.456.709 | 34.229.336 |

Balance Sheet 31 December

Liabilities and equity

| | Note | 2021 DKK | 2020 DKK |
|--|------|-------------------|-------------------|
| Share capital | | 6.000.000 | 6.000.000 |
| Share premium account | | 11.000.000 | 11.000.000 |
| Retained earnings | | 7.880.486 | 7.686.929 |
| Proposed dividend for the year | | 1.500.000 | 1.900.000 |
| Equity | | 26.380.486 | 26.586.929 |
| Provision for deferred tax | | 640.948 | 860.512 |
| Provisions | | 640.948 | 860.512 |
| Lease obligations | | 1.951.603 | 2.015.066 |
| Long-term debt | 8 | 1.951.603 | 2.015.066 |
| Lease obligations | 8 | 242.039 | 215.735 |
| Prepayments received from customers | | 708.382 | 222.656 |
| Trade payables | | 453.340 | 164.365 |
| Payables to group enterprises | | 283.026 | 432.780 |
| Payables to group enterprises relating to corporation tax | | 120.626 | 235.958 |
| Other payables | | 1.676.259 | 3.495.335 |
| Short-term debt | | 3.483.672 | 4.766.829 |
| Debt | | 5.435.275 | 6.781.895 |
| Liabilities and equity | | 32.456.709 | 34.229.336 |
| Key activities | 1 | | |
| Contingent assets, liabilities and other financial obligations | 9 | | |
| Related parties | 10 | | |
| Accounting Policies | 11 | | |

Statement of Changes in Equity

| | Share capital | Share premium account | Retained earnings | Proposed dividend for the year | Total |
|------------------------------|------------------|-----------------------|-------------------|--------------------------------|-------------------|
| | DKK | DKK | DKK | DKK | DKK |
| Equity at 1 January | 6.000.000 | 11.000.000 | 7.686.929 | 1.900.000 | 26.586.929 |
| Ordinary dividend paid | 0 | 0 | 0 | -1.900.000 | -1.900.000 |
| Net profit/loss for the year | 0 | 0 | 193.557 | 1.500.000 | 1.693.557 |
| Equity at 31 December | 6.000.000 | 11.000.000 | 7.880.486 | 1.500.000 | 26.380.486 |

Notes to the Financial Statements

1 Key activities

Nordsøtrawl operates business with production and sale of fishing gear as well as sale of stores.

The main market for the company is located around the North Sea and the North Atlantic, however there is also export of fishing tools to other markets using larger and advanced fishing tools. Nordsøtrawl A/S is part of the international Hampidjan Group, which has its headquarter on Iceland with departments and subsidiaries in several countries around the World.

| | <u>2021</u> DKK | <u>2020</u> DKK |
|--|--------------------------|--------------------------|
| 2 Staff expenses | | |
| Wages and salaries | 10.894.412 | 12.125.651 |
| Pensions | 1.201.670 | 1.154.924 |
| Other social security expenses | 234.507 | 213.883 |
| Other staff expenses | 139.816 | 94.787 |
| | <u>12.470.405</u> | <u>13.589.245</u> |
| | | |
| Average number of employees | <u>22</u> | <u>23</u> |
| | | |
| 3 Financial income | | |
| Interest received from group enterprises | 5.420 | 0 |
| Other financial income | 4.117 | 0 |
| | <u>9.537</u> | <u>0</u> |
| | | |
| 4 Tax on profit/loss for the year | | |
| Current tax for the year | 714.626 | 1.035.958 |
| Deferred tax for the year | -219.564 | -202.861 |
| | <u>495.062</u> | <u>833.097</u> |

Notes to the Financial Statements

5 Intangible assets

| | <u>Goodwill</u> DKK |
|---|------------------------|
| Cost at 1 January | <u>9.000.000</u> |
| Cost at 31 December | <u>9.000.000</u> |
| Impairment losses and amortisation at 1 January | 7.175.250 |
| Impairment losses for the year | <u>900.000</u> |
| Impairment losses and amortisation at 31 December | <u>8.075.250</u> |
| Carrying amount at 31 December | <u>924.750</u> |
| Amortised over | <u>10 years</u> |

Notes to the Financial Statements

6 Property, plant and equipment

| | Land and buildings | Plant and machinery | Other fixtures and fittings, tools and equipment |
|--|--------------------------|------------------------|---|
| | DKK | DKK | DKK |
| Cost at 1 January | 13.454.507 | 2.671.273 | 3.336.978 |
| Additions for the year | 0 | 0 | 340.483 |
| Disposals for the year | 0 | 0 | -141.877 |
| Cost at 31 December | <u>13.454.507</u> | <u>2.671.273</u> | <u>3.535.584</u> |
| Impairment losses and depreciation at 1 January | 1.688.782 | 1.402.990 | 1.645.145 |
| Depreciation for the year | 391.242 | 275.969 | 504.441 |
| Reversal of impairment and depreciation of sold assets | 0 | 0 | -88.806 |
| Impairment losses and depreciation at 31 December | <u>2.080.024</u> | <u>1.678.959</u> | <u>2.060.780</u> |
| Carrying amount at 31 December | <u>11.374.483</u> | <u>992.314</u> | <u>1.474.804</u> |
| Depreciated over | <u>40 years</u> | <u>10 years</u> | <u>3-7 years</u> |
| Including assets under finance leases amounting to | <u>1.491.893</u> | <u>70.247</u> | <u>630.538</u> |

7 Fixed asset investments

| | Other investments |
|---------------------------------------|----------------------|
| | DKK |
| Cost at 1 January | <u>9.000</u> |
| Cost at 31 December | <u>9.000</u> |
| Impairment losses at 1 January | <u>9.000</u> |
| Impairment losses at 31 December | <u>9.000</u> |
| Carrying amount at 31 December | <u>0</u> |

Notes to the Financial Statements

8 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:

| | <u>2021</u> DKK | <u>2020</u> DKK |
|--------------------------|-------------------------|-------------------------|
| Lease obligations | | |
| After 5 years | 1.133.678 | 1.331.355 |
| Between 1 and 5 years | <u>817.925</u> | <u>683.711</u> |
| Long-term part | 1.951.603 | 2.015.066 |
| Within 1 year | <u>242.039</u> | <u>215.735</u> |
| | <u>2.193.642</u> | <u>2.230.801</u> |

DKK 6k was expensed for the year for unrecognized leasing agreements characterized by short agreements, small assets, etc.

Notes to the Financial Statements

| | 2021 DKK | 2020 DKK |
|--|---------------|--------------|
| 9 Contingent assets, liabilities and other financial obligations | | |
| Charges and security | | |
| The following assets have been placed as security with bankers: | | |
| Mortgage deeds totaling TDKK 5,000, which provide a mortgage on land and buildings with a total carrying amount of | 9.882.590 | 10.178.935 |
| The following assets have been placed as security with balance with bank for corporate mortgage of TDKK 2.000: | | |
| Inventory | 10.713.253 | 10.277.457 |
| Accounts Receivable | 2.899.228 | 2.798.524 |
| Machinery and Equipment | 1.766.333 | 2.348.287 |
| Intangible assets | 924.750 | 1.824.750 |
| Rental and lease obligations | | |
| Lease obligations under operating leases. Total future lease payments: | | |
| Within 1 year | 22.237 | 3.277 |
| Between 1 and 5 years | 6.043 | 0 |
| | 28.280 | 3.277 |

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 Cosmos Trawl A/S, 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.

Notes to the Financial Statements

10 Related parties

Basis

Controlling interest

Cosmos Trawl A/S

Parent entity

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.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Cosmos Trawl A/S
FR Holding Thyborøn ApS

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name

Place of registered office

Hampidjan hf.

Skarfagardar 4, 104 Reykjavik, Iceland

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Nordsøtrawl A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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 are recognised in the balance sheet at the calculated amount of the lease liability. The lease liability is calculated at the present value of the lease payments calculated by applying the interest rate implicit in the lease or the Company's incremental borrowing rate as discount rate if the interest rate implicit in the lease is not available. Lease assets are depreciated and written down for impairment under the same policy as for the Company's other fixed assets.

The Company has chosen to apply the exemptions concerning short-term and low-value leases. Therefore, such lease assets are not recognised as assets and liabilities in the balance sheet. The costs are recognised in the income statement on a straight-line basis over the lease term.

The lease liability is recognised in the balance sheet under debt and is adjusted for prepaid lease payments on a current basis. At the same time, interest is added on the liability. Interest expenses are charged to the income statement on a current basis.

Notes to the Financial Statements

11 Accounting Policies (continued)

Translation policies

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.

Income Statement

Revenue

Revenue from contracts with customers is recognised on the basis of transfer of control, which according to IFRS 15 takes place at the time when control of the product.

Control is considered passed to the customer when:

- a binding sales agreement has been made;
- delivery has been made before year end;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

Revenue 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 expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

11 Accounting Policies (continued)

Gross profit/loss

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 expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and 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 intangible assets and 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Notes to the Financial Statements

11 Accounting Policies (continued)

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:

| | |
|--|-----------|
| Buildings | 40 years |
| Plant and machinery | 10 years |
| Other fixtures and fittings, tools and equipment | 3-7 years |

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 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.

Fixed asset investments

Fixed asset investments, which consist of investments which are not traded in an active market.

Investments which are not traded in an active market are measured at the lower of cost and 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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

11 Accounting Policies (continued)

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 insurance premiums, subscriptions and interest.

Equity

Dividend

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

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 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.

Notes to the Financial Statements

11 Accounting Policies (continued)

Financial debts

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