



Piaster Revisorerne

vi giver bedre råd

Blue Circle EU ApS

Engholm Parkvej 8, 3450 Allerød

Company reg. no. 39 05 93 98

Annual report

1 June 2021 - 31 May 2022

The annual report was submitted and approved by the general meeting on the

11/7-22

st Steven Damato
Chairman of the meeting

Contents

| | <u>Page</u> |
|---|-------------|
| Reports | |
| Management's statement | 3 |
| Independent auditor's report on extended review | 4 |
| Management's review | |
| Company information | 6 |
| Management's review | 7 |
| Financial statements 1 June 2021 - 31 May 2022 | |
| Income statement | 8 |
| Balance sheet | 9 |
| Statement of changes in equity | 11 |
| Notes | 12 |
| Accounting policies | 13 |

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Blue Circle EU ApS for the financial year 1 June 2021 - 31 May 2022.

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


I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 May 2022 and of the results of the Company's operations for the financial year 1 June 2021 – 31 May 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Allerød, 11/7-22

Managing Director


Steven Damato

Independent auditor's report on extended review

To the Shareholders of Blue Circle EU ApS

Opinion

We have performed an extended review of the financial statements of Blue Circle EU ApS for the financial year 1 June 2021 - 31 May 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 31 May 2022 and of the results of the Company's operations for the financial year 1 June 2021 - 31 May 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review 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 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 extended review of the Financial Statements

Our responsibility is to express an opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's Review

Management is responsible for the Management's Review.

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

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

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

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

Alleroed, 11/7-22

Piaster Revisorerne

Statsautoriseret Revisionsaktieselskab
Company reg. no. 25.16.00.37



Steen Dahl Andersen
State Authorised Public Accountant
mne29455

Company information

The company

Blue Circle EU ApS
Engholm Parkvej 8
3450 Allerød

Company reg. no. 39 05 93 98
Financial year: 1 June - 31 May

Managing Director

Steven Damato



Auditors

Piaster Revisorerne, Statsautoriseret Revisionsaktieselskab
Engholm Parkvej 8
3450 Allerød

Parent company

Blue Circle Foods LLC

Management's review

The principal activities of the company

The company has two main activities, which consist of conducting business through trade of fish and fish products. Furthermore the company is establishing a production facility in the EU, which is expected to be fully functional in 2023.

Development in activities and financial matters

This year has focused on developing business in the EU and setting up production facilities. It is expected that the effort made in 2021/22 will have positive impact in the coming years. Some of the machines has started production and the company is expanding the customer basis.

The company's going concern depends on the parent company's guarantee for supporting the company. The parent company has signed a letter of support to the company's going concern through the fiscal year 2021, and that the company expects to restore the company's negative equity through the company's future activities.

Income statement 1 June - 31 May

All amounts in DKK.

| <u>Note</u> | <u>2021/22</u> | <u>2020/21</u> |
|--|-------------------|------------------|
| Gross profit | -245.625 | 1.970.302 |
| 2 Staff costs | -2.196.509 | -2.658.208 |
| Depreciation and impairment of property, land, and equipment | -197.852 | 0 |
| Operating profit | -2.639.986 | -687.906 |
| Other financial income | 0 | 771.073 |
| Other financial expenses | -2.369.635 | -7.193 |
| Pre-tax net profit or loss | -5.009.621 | 75.974 |
| Tax on net profit or loss for the year | 0 | 0 |
| Net profit or loss for the year | -5.009.621 | 75.974 |
| Proposed appropriation of net profit: | | |
| Transferred to retained earnings | 0 | 75.974 |
| Allocated from retained earnings | -5.009.621 | 0 |
| Total allocations and transfers | -5.009.621 | 75.974 |

Balance sheet at 31 May

All amounts in DKK.

| <u>Note</u> | <u>2022</u> | <u>2021</u> |
|--|--------------------------|-------------------------|
| Assets | | |
| Non-current assets | | |
| Plant and machinery | 6.924.808 | 0 |
| Property, plant, and equipment under construction and prepayments for property, plant, and equipment | 5.833.077 | 8.685.072 |
| Total property, plant, and equipment | <u>12.757.885</u> | <u>8.685.072</u> |
| Total non-current assets | <u>12.757.885</u> | <u>8.685.072</u> |
| Current assets | | |
| Trade receivables | 1.101.376 | 42.682 |
| Other receivables | 543.502 | 456.407 |
| Total receivables | <u>1.644.878</u> | <u>499.089</u> |
| Cash and cash equivalents | <u>491.151</u> | <u>198.516</u> |
| Total current assets | <u>2.136.029</u> | <u>697.605</u> |
| Total assets | <u>14.893.914</u> | <u>9.382.677</u> |

Balance sheet at 31 May

All amounts in DKK.

| Equity and liabilities | | |
|--|--------------------------|--------------------------|
| <u>Note</u> | <u>2022</u> | <u>2021</u> |
| Equity | | |
| Contributed capital | 50.000 | 50.000 |
| Retained earnings | -7.255.535 | -2.245.914 |
| Total equity | -7.205.535 | -2.195.914 |
| | | |
| Long term liabilities other than provisions | | |
| Trade payables | 184.439 | 36.000 |
| Payables to shareholders and management | 21.826.794 | 11.089.647 |
| Other payables | 88.216 | 452.944 |
| Total short term liabilities other than provisions | <u>22.099.449</u> | <u>11.578.591</u> |
| | | |
| Total liabilities other than provisions | <u>22.099.449</u> | <u>11.578.591</u> |
| | | |
| Total equity and liabilities | <u>14.893.914</u> | <u>9.382.677</u> |

1 Special items

Statement of changes in equity

All amounts in DKK.

| | Contributed capital | Retained earnings | Total |
|--------------------------------|--------------------------------|------------------------------|-------------------|
| Equity 1 June 2021 | 50.000 | -2.245.914 | -2.195.914 |
| Retained earnings for the year | 0 | -5.009.621 | -5.009.621 |
| | 50.000 | -7.255.535 | -7.205.535 |

Notes

All amounts in DKK.

| | <u>2021/22</u> | <u>2020/21</u> |
|---|-------------------------|-------------------------|
| 1. Special items | | |
| The company has recognized a loss of 2,4 mDKK as financial cost due to debt to parent company in USD. | | |
| 2. Staff costs | | |
| Salaries and wages | 1.893.171 | 2.295.112 |
| Pension costs | 299.931 | 346.562 |
| Other costs for social security | <u>3.407</u> | <u>16.534</u> |
| | <u>2.196.509</u> | <u>2.658.208</u> |
| Average number of employees | <u>1</u> | <u>1</u> |

Accounting policies

The annual report for Blue Circle EU ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | |
|---------------------|-------------|
| | Useful life |
| Plant and machinery | 15 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

Accounting policies

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.