Hampiðjan hf.

Consolidated Financial Statements
for the year ended December 31, 2022

These financial statements are translated from the original which is in Icelandic. If there are discrepancies between the two versions, the Icelandic version will take priority over the translated version.

Consolidated Financial Statements 2022

Index **Page**

Hampiðjan hf.
Identity number 590169-3079
Skarfagörðum 4
Reykjavík

Board of Directors' Report

The consolidated financial statements comprise of Hampiðjan hf. (Parent) and its subsidiaries (together referred to as the “Group”). Its subsidiaries are Hampidjan New Zealand in New Zealand, Hampidjan USA in the United States, Swan Net Gundry in Ireland, Cosmos Trawl in Denmark, Von in Faroe Islands, Hampidjan Canada in Canada, Hampidjan Baltic in Lithuania, Hampidjan Australia in Australia, Hampidjan TorNet in Spain, Hampidjan Russia in Russia, Jackson Trawl and Jackson Offshore in Scotland, Hampiðjan Ísland in Iceland, Hampiðjan Offshore in Iceland, Voot in Iceland and Fasteignafélagið Miðhús in Iceland.

Hampiðjan's main operation is production and sale of fishing gear, their components and high performance ropes. The parent company, Hampiðjan hf., is a Limited Company and operates in accordance with Icelandic law on Limited Companies' Act No. 2/1995.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Consolidated Financial Statements include Hampiðjan's Financial Statements (the Company/Parent) and its subsidiaries (the Group).

Operations and financial position 2022

The company continued to work towards the synergy that exists within the group. In Hampidjan Baltic, investments were made in rope braiding machines and the production capacity of mesh ropes for float trawls was increased by almost 60%. Also, the production capacity in the DynIce Data headline cable was almost quadrupled during the year. Production capacity for twine was increased by almost 17% with investments in new braiding machines.

The company completed the building of a new netloft and service station for aquaculture in Ísafjörður. The facilities there are state of the art and will meet the needs and requirements of the aquaculture companies in Iceland with a large washing machine for aquaculture nets, together with complete water purification equipment and facilities for impregnation and drying of aquaculture nets, as well as certification according to Norwegian standards, which are the strictest that are followed. The netloft in Akureyri was also improved and a store was opened on the ground floor.

In Finnsnes in N-Norway, the installation of the largest aquaculture washing machine that has ever been built was completed, marking the end of an extensive development project for fish farming services that has been going on for the past 3 years.

In Tromsø, Vónin Refa's store moved to a newly renovated 300m2 area that almost tripples the previous store space. A new and specially designed office building in Tromsø was also taken in use.

During the year, new stores have been opened in Ólafsvík, Akureyri and in the new netloft in Ísafjörður. With the opening of the stores, service to customers in the areas will increase, as well as the product range of Voot and Hampiðjan will be more visible.

The group's operating income for the year was EUR 193.8 million, while the previous year's operating income was EUR 172.7 million. The average number of employees was 1,206, but was 1,191 the previous year. About 57% of employees at the group are men and 43% women, while 95% of managers are men and 5% women. Salaries and salary-related expenses amounted to EUR 52.5 million, of which EUR 6.0 million were salary-related expenses. The year's profit was EUR 14.3 million, while the previous year's profit was EUR 16.9 million. The group's total assets were EUR 295.5 million at the end of the year and equity was EUR 149.5 million, of which EUR 14.2 million is a minority share in the equity of the subsidiaries, Von in the Faroe Islands, Swan Net Gundry in Ireland, Jackson Trawl and Jackson Offshore Supply in Scotland, Voot in Iceland, Hampidjan in Australia, subsidiaries of Cosmos Trawl in Denmark and subsidiary of Hampidjan USA in the USA. The equity ratio, when the minority share is counted with equity, was 50.6% at the end of the year.

The Board of Directors propose to pay ISK 900 million in dividend to shareholders in 2023 (ISK 1,633 per share). Regarding other changes in equity we refer to the Financial statements.

Other matters

On November 17, 2022, Hampiðjan signed an agreement for the purchase of all shares in the Norwegian limited company Holding Cage I AS, which is the holding company of the Mørenot Group. Mørenot is an international group of companies that provide services and sell products to companies in the fishing, aquaculture and oil industries. The purchase was made, among other things, with the condition that the relevant authorities grant approval for the purchase. The purchase went through at the beginning of February 2023. The purchase price was mostly paid by issuing new shares to the sellers. Further information can be found in note 23 in these financial statements.

War in Ukraine

Companies within the group have sold fishing gear to fishing companies in Russia. This is not a significant part of the Group's turnover and the impact on the Group's operations is therefore limited.

Board of Directors' Report

Share Capital

The Company's share capital amounted to ISK 500 million in year end and own shares amounted to ISK 10,4 million. The Company's shares are in a single class of shares listed on the First North, Side Market on Nasdaq OMX Nordic Exchange. The Company's share capital is at year end divided between 373 shareholders, compared to 299 at the beginning of the year. The ten largest shareholders at year end and their share in the Company is specified as follows:

	31.12.2022		31.12.2021	
Shareholders	**Share in ISK thousands**	**Share in %**	**Share in ISK thousands**	**Share in %**
Hvalur hf	225.885	46,14%	225.885	46,14%
Lífeyrissjóður verslunarmanna	49.452	10,10%	47.842	9,77%
Lífsverk lífeyrissjóður	22.607	4,62%	21.989	4,49%
Festa - lífeyrissjóður	17.876	3,65%	17.876	3,65%
Ingibjörg Björnsdóttir	17.274	3,53%	17.274	3,53%
Hlér ehf	16.029	3,27%	16.029	3,27%
Vilhjálmur Vilhjálmsson	10.887	2,22%	6.464	1,32%
Vátryggingarfélag Íslands hf.	10.744	2,19%	11.677	2,39%
Lífeyrissjóður Vestmannaeyja	10.662	2,18%	10.662	2,18%
Rannveig Sigurgeirsdóttir	10.189	2,08%	12.114	2,47%
Sigríður Vilhjálmsdóttir			13.269	2,71%
	391.606	79,98%	401.082	81,92%
Other shareholders	97.958	20,02%	88.482	18,08%
Outstanding share capital	489.563	100,00%	489.563	100,00%
Own shares	10.437		10.437	
Total issued capital	500.000		500.000	

Corporate governance

Hampiðjan's board of directors has set operating rules in accordance with the provisions of the Limited Liability Companies Act, where the board's authority is defined and its scope of work towards the CEO. These rules of procedure include, among other things, rules on the order of meetings, rules on the qualifications of board members to participate in the processing of cases, rules on confidentiality, disclosure of information by the CEO to the board, and more. The gender ratio in the company's board is three men (60%) and two women (40%).

The board is responsible for ensuring internal control within the company is active. Hampiðjan's Finance Division prepares financial statements for the Group in accordance with International Financial Reporting Standards (IFRS). External auditors review the half-year results and audit the group's annual results. The Group's financial risk is discussed in Note 3.

Non-financial information

Non-financial information necessary to assess the Company's development, scope, position and impact in relation to environmental, social and personnel matters, as well as the Company's human rights, bribery and corruption policies are set out in Appendix.

Statement by the Board of Directors and the CEO

According to the best of our knowledge, the consolidated financial statements of Hampiðjan hf. for the year 2022 give a true and fair view of the assets, liabilities, financial position at year end and financial performance of the Group during the year. Further, in our opinion the consolidated financial statements and the statement of the Board of Directors and the Chief Executive Officer give a fair view of the development and performance of the Company’s operations and its position and describes the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today reviewed the annual consolidated financial statements of Hampiðjan hf. for the year 2022 and confirm them by means of their signatures. The Board of Directors and the CEO submit the financial statements to the Annual General Meeting for approval.

Reykjavík, March 9, 2023

Board of Directors:

Vilhjálmur Vilhjálmsson
Kristján Loftsson
Auður Kristín Árnadóttir
Guðmundur Ásgeirsson
Sigrún Þorleifsdóttir

CEO:

Hjörtur Erlendsson

Independent Auditor's report

To the Board of Directors and Shareholders of Hampiðjan hf.

Opinion
We have audited the consolidated financial statements of Hampidjan and its subsidiaries (the Group) for the year 2022, with the exception of the report of the Board of Directors.

In our opinion, the consolidated financial statements give a true and fair view of the Group's performance in 2022, its balance sheet as at 31 December 2022 and the change in cash in 2022, in accordance with International Financial Reporting Standards as adopted by the European Union and the relevant provisions of annual accounts.

The consolidated financial statements include
- Report of the Board of Directors.
- Income statement and statement of other comprehensive income for the period 1 January 2022 to 31 December 2022.
- Balance sheet on 31 December 2022.
- Statement of equity for the period 1 January 2022 to 31 December 2022.
- Statement of cash flows for the period January 1, 2022 to December 31, 2022.
- Notes, which include the main accounting policies and other notes.

The Board's report, Note 24 and the appendix are excluded from the audit, cf. section on other information.

Basis for opinion
The audit was performed in accordance with International Standards on Auditing. Our responsibilities under the standards are further explained in the chapter on auditors' responsibilities.

Independence
We are independent of the Group in accordance with the provisions of the Act on Auditors and Auditing and the Code of Conduct that applies to auditors in Iceland and concern our audit of the Group's financial statements. We also meet other requirements for our work as auditors in accordance with the provisions of the Code.

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

Other information, including the report of the Board of Directors
The Board of Directors and the CEO are responsible for other information. Other information is the report of the board, note 24 Annual half year statements and Appendix, which was available at our endorsement. Our opinion on the consolidated financial statements does not cover the report of the Board of Directors and we do not confirm it in any way.

In connection with our audit of the consolidated financial statements, we should review the other information, as set out above, when available and assess whether it is materially inconsistent with the consolidated financial statements or the understanding we have gained from the audit or if it appears to be material. there are misrepresentations in them. If, on the basis of our work, we conclude that there is significant misrepresentation in other information, we must report it. We have not reported any issues that need to be reported separately.

With regard to the report of the Board of Directors, we have, in accordance with the provisions of Article 104 Act on Annual Accounts no. 3/2006, reviewed that the report of the Board of Directors contains the information that must be provided in accordance with the Act on Annual Accounts, unless it appears elsewhere in the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union, 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 consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Independent Auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Group'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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient and appropriate audit evidence regarding the financial information or business activities within the Group and express an opinion on the consolidated financial statements. We are responsible for direction, supervision and performance of the group audit. We are responsible for our opinion.

We communicate with those charged with governance and the audit committee 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.

Reykjavík, March 9, 2023

PricewaterhouseCoopers ehf.

Kristinn Freyr Kristinsson

Consolidated Income Statement for the year 2022

	Notes	2022	2021
Sales		193.759	172.719
Cost of sales		(138.408)	(119.428)
Gross profit		55.351	53.291
Operating expenses	7	(34.287)	(30.202)
Profit from operations		21.064	23.089
Finance costs - net	8	(3.692)	(2.373)
Share of results of associates	13	131	100
		(3.561)	(2.273)
Profit (loss) before income tax		17.503	20.816
Income tax	9	(3.178)	(3.949)
Net profit		14.325	16.867
Attributable to:			
Equity holders of the Company		12.622	15.137
Minority interest		1.703	1.730
		14.325	16.867
EBIDTA		28.726	29.983
Earnings per share, basic and diluted (expressed in EUR cent per share):	10	2,93	3,45

Consolidated Statement of Comprehensive Income for the year 2022

		2022	2021
Net profit for the period		14.325	16.867
Items that will later be transferred to Income Statement			
Exchange differences on translation foreign operations		(1.766)	1.735
Exchange differences on translation associated company		0	(76)
Items that will not be transferred to Income Statement			
Revaluation of investment assets	14	356	1.888
Total comprehensive income for the year		12.915	20.414
Total comprehensive income attributable to:			
Equity holders of the Company		11.272	18.326
Minority interest		1.643	2.088
Total comprehensive income for the year		12.915	20.414

The notes on pages 10 - 24 are an integral part of these consolidated financial statements.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Consolidated Balance Sheet December 31, 2022

Assets	Notes	2022	2021
Non-current assets			
Property, plant and equipment	11	108.172	100.270
Intangible assets	12	46.754	47.438
Investments in associates	13	1.235	1.163
Investments, other	14	2.637	2.278
Bonds and long-term receivables		86	96
		158.884	151.245
Current assets			
Inventories	15	90.160	72.888
Trade and other receivables	16	33.921	34.104
Cash and cash equivalent	17	12.503	14.805
		136.584	121.797
Total assets		295.468	273.042

	Notes	2022	2021
Equity			
Share capital (and share premium)		6.455	6.455
Change in investment assets		2.244	1.888
Other reserves	25	(1.306)	400
Restricted reserves		54.066	45.626
Retained earnings		73.880	76.052
		135.339	130.421
Minority interest		14.168	13.870
Total equity		149.507	144.291
Liabilities			
Non current liabilities			
Borrowings	18	83.738	78.977
Deferred income tax liabilities	19	5.670	5.673
		89.408	84.650
Current liabilities			
Trade and other payables	20	26.151	24.668
Unpaid taxes		3.317	2.517
Borrowings	18	27.085	16.916
		56.553	44.101
Total liabilities		145.961	128.751
Total equity and liabilities		295.468	273.042

The notes on pages 10 - 24 are an integral part of these consolidated financial statements.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Consolidated Statement of Changes in Equity for the year 2022

	Share capital (and share premium)	Other reserves	Reval. of invest. assets	Restricted reserves	Retained earnings	Minority Interest	Total equity
Equity 1.1.2021	6.455	(901)	0	35.988	74.720	12.673	128.935
Comprehensive income:							
Comprehensive income after taxes 2021		1.301	1.888	0	15.137	2.088	20.414
Change in minority interest						(80)	(80)
Income from subsid. in excess of divid.				9.638	(9.638)		0
	0	1.301	1.888	9.638	5.499	2.008	20.334
Owners:							
Paid dividends to shareholders					(4.167)	(811)	(4.978)
	0	0	0	0	(4.167)	(811)	(4.978)
Equity 31 December 2021 / 1 January 2022	6.455	400	1.888	45.626	76.052	13.870	144.291
Comprehensive income:							
Comprehensive income after taxes 2022		(1.706)	356	0	12.622	1.643	12.915
Change in minority interest						(671)	(671)
Income from subsid. in excess of divid.				8.440	(8.440)		0
	0	(1.706)	356	8.440	4.182	972	12.244
Owners:							
Paid dividends to shareholders					(6.354)	(674)	(7.028)
	0	0	0	0	(6.354)	(674)	(7.028)
Equity 31 December 2022	6.455	(1.306)	2.244	54.066	73.880	14.168	149.507

Paid share capital is a total of EUR 6.455 thousand and is identified so that the nominal value is EUR 5.498 thousand and the premium is EUR 957 thousand. The number of shares is ISK 500 million, each with a nominal value of ISK 1, unchanged from 31/12 2021. All share capital is paid. The company owned own shares at the end of the year with a nominal value of ISK 10.4 million. (31/12 2021: ISK 10.4 million).

Revaluation of investment assets

Investment assets are entered at market value based on the valuation date in the balance sheet, if available. If the market value is not available, the cost price is used less the write-down due to impairment.

Other restrictive reserves

According to the Icelandic Act on Annual Accounts no. 3/2006 the permitted amount for distribution of dividends is limited. If share of profit of its subsidiaries and associates are higher than the received dividend or the dividend that has been decided to distribute then the difference shall be recognized among restricted reserves.

Further breakdown of other reserves is in note 25.

The notes on pages 10 - 24 are an integral part of these consolidated financial statements.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Consolidated Cash Flow Statement 2022

	Notes	2022	2021
Cash flows from operating activities			
Net profit		21.064	23.089
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation of fixed assets		7.662	6.894
Profit before net finance cost (EBITDA)		28.726	29.983
Sales profit of fixed assets		(633)	(671)
Changes in operating assets and liabilities		(16.359)	(9.569)
Net cash from operating activities before interest and tax received and paid		11.734	19.743
Interest received and dividend received		648	608
Dividends received		44	76
Interest paid		(3.390)	(3.379)
Tax paid		(2.924)	(2.976)
Net cash from operating activities		6.112	14.072
Cash flows to investing activities			
Purchase and sale of property, plant and equipment (PPE)		(8.471)	(11.464)
Purchase of intangible assets		(572)	(2.009)
Purchase and sale of available for sale financial assets		(765)	0
Investment and sales in other companies		(3)	(3)
Net cash used in investing activities		(9.811)	(13.476)
Cash flows from financing activities			
Changes in short-term loans		7.722	2
Proceeds from borrowings		8.550	5.369
Repayments of borrowings		(7.701)	(4.151)
Dividend paid to company´s shareholders		(6.354)	(4.167)
Dividend paid to non-controlling interest		(674)	(811)
Net cash from financing activities		1.543	(3.758)
Net increase (decrease) in cash and cash equivalents		(2.156)	(3.162)
Cash and cash equivalents at beginning of year	17	14.805	17.531
Effect of exchange rate changes on cash and cash equivalents		(146)	436
Cash and cash equivalents at end of year	17	12.503	14.805

The notes on pages 10 - 24 are an integral part of these consolidated financial statements.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statments

1. The Company

Hampiðjan's main operation is production and sale of fishing gear, their components and supercables. The parent company, Hampiðjan hf., is a Limited Company and operates in accordance with Icelandic law on Limited Companys Act No. 2/1995.

Hampiðjan hf. is based in Iceland. The registered address of the Company is Skarfagarðar 4, Reykjavík.

The Company is listed on First North, side market of the Nasdaq OMX Nordic Exchange.

The financial statements were approved by the Board of Directors of Hampiðjan hf. on March 9, 2023.

2. Summary of significant accounting policies

The main accounting policies applied in the preparation of these financial statements are listed below. Unless otherwise stated, these methods were applied in a consistent manner in both years presented.

2.1 Basis of preparation

The consolidated financial statements of Hampiðjan hf. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. These financial statements are translated from the orginal which is in Icelandic. If there are discrepancies between the two versions, the Icelandic one will take priority over the translated version.

The financial statments are prepared using the cost method. The consolidated financial statements are published in euros, which is the Company's functional currency. All amounts are in thousands of euros.

The preparation of financial statements in accordance with international accounting standards requires the use of certain accounting policies. The methods are listed in note no. 4.

2.1.1 Changes in accounting policy and presentation

a) Standards, amendments and interpretations effect on or after 1 January 2022
No new accounting standards were introduced in 2022. The Group introduced some changes to older standards, but these changes do not affect the Group's accounting.

b) Early adoption of standards

No standards have been early adopted by the Group, prior mandatory, in the year 2022.

2.2 Consolidated financial statements

a) Subsidiaries
Subsidiaries are entities over which the Group has control. Control exists where the Group has the power to govern the financial and operating policies of an entity for it's benefit. When assessing control, potential voting rights that are currently exercisable are taken into account. Subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceases.

The purchase method is used to recognize the Group's acquisition of subsidiaries. The purchase price is measured as the fair value of specified assets transferred, issued equity instruments and liabilities incurred or transacted on the transaction date, as well as costs directly attributable to the acquisition. Identifiable assets and liabilities and liabilities acquired in a business combination are initially measured at fair value on the acquisition date, irrespective of the minority interest. The amount of the acquisition price that exceeds the fair value of the Group's holdings in acquired identifiable net assets is recorded as goodwill.

Transactions between companies within the Group, balances between them and unrealised gains and losses on transactions between Group companies are eliminated. Subsidiaries' accounting policies have been changed, where necessary, to ensure consistency with the Group's policies.

Notes to the Consolidated Financial Statments

b) Associates
Associates are business entities in which the Group has significant influence but does not control. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's share of the profit or loss of associates after acquisition is recognized in the income statement and its share in the movement of equity accounts is recognized in equity. Accumulated movements after acquisition are adjusted against the carrying amount of the investment. When the Group's share of the associate's loss is equal to or greater than its share in the associate, including all other unsecured business receivables, the Group does not incur any further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

2.3 Segment reporting
A segment is a distinguishable component of the Group due to different material or geographical factors regarding risk and profit than the other operating segments of the Group. The Group defines its operations in five operating segments.

2.4 Foreign currency

(a) Functional and presentation currency
In the consolidated financial statements, items are recognized in the currency of the economic environment in which they operate (the functional currency). The consolidated financial statements presented in thousands of euros, which is both the Company's functional currency and the Group's presentation currency.

(b) Business and transactions
Transactions in foreign currencies are translated to the respective functional currency of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in the income statement.

(c) Group companies
The performance and balance sheet of the Group companies, where the functional currency is other than the presentation currency, are translated into the presentation currency as follows:
(i) assets and liabilities in the balance sheet are translated at the year-end exchange rate
(ii) items in the income statement are converted at the average exchange rate for the year
(iii) all changes in the exchange rate resulting from this are recognized as a separate item in equity

2.5 Property, plant and equipment
Buildings includes primarily factories, netlofts and offices. Tangible fixed assets are stated at their original cost less depreciation. Initial cost includes costs directly attributable to the purchase of the assets in question.

Subsequent additional investment is included in the carrying amount of the asset or recognized as a separate asset, as applicable. However, this only happens if it is probable that the future economic benefits embodied with the investment will flow to the Group and the cost can be measured reliably. Repairs and maintenance are recognised in the income statement during the period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated so that the difference between their cost and estimated residual value is distributed linearly over the estimated useful life of the assets, which is as follows:

Machinery and other production equipment	12-15 years
Vehicles	5-10 years
Buildings	25-67 years
Office equipment, utensils and development costs	3-5 years
Patents	5-20 years
Software	2-7 years

Major improvements are amortized over the life of the asset concerned or the period leading to the next major improvement, whichever is shorter.

The residual value and useful life are reassessed annually and adjusted, if applicable.

Sales profit and loss are calculated as the difference between the selling price less the cost of the sale and the book value of the assets sold at the date of sale. Sales profit and loss are recognized in the income statement. When the revalued assets are sold, the amounts included in other reserve funds and linked to them are transferred to retained earnings.

Notes to the Consolidated Financial Statments

2.6 Intangible assets

(a) Goodwill

Goodwill reflects the amount of the acquisition price that exceeds the fair value of the Group's net identifiable assets of the acquired subsidiary on the acquisition date. Goodwill on the merger and acquisition of subsidiaries is part of the intangible assets of the Group. Goodwill is assessed annually for impairment and is recognized at cost less accumulated impairment loss.

Goodwill is divided into cash-generating units in order to evaluate it for impairment. Goodwill impairment, based on impairment tests in accordance with IAS 36, is expensed in the income statement.

(b) Patents

Patents are purchased issued patents and applications for other patents related to the Group's products. The patents are recognized at purchase price or estimated cost less accumulated amortization.

(c) Software

Software licenses that have been purchased are capitalized on basis of the cost of development as well as the cost of bringing it into use. Software is recognized at cost less accumulated depreciation.

2.7 Impairment of assets

Assets that have an indefinite life and are not depreciated systematically are assessed annually for impairment. Property, plant and equipment and other fixed assets, including goodwill and intangible assets, are reviewed for impairment whenever changes in circumstances or events indicate that the fair value of assets is less than their book value. An impairment provision is recognized if the fair value is lower than the book value. The fair value is the higher of the estimated market value or the value in use. For impairment testing, assets are grouped into the lowest level possible in order to measure their projected cash flows.

2.8 Investments

Shares in companies other than subsidiaries and associates are classified as investment assets. Investment assets are entered at market value based on the valuation date in the Balance sheet, if available. If the market value is not available, the cost price is used less the write-down due to impairment.

2.9 Inventories

Raw materials are valued at purchase price. Cost of goods in production and finished goods is comprised of raw materials, direct labour, other direct costs and indirect production costs. Cost is determined using the first-in, first-out (FIFO) method. Inventories consist of nets, ropes, hardware, fishing gear, products in the production and raw materials for nets, ropes and trawl doors. The write-down is offset against products that move slowly.

2.10 Work in progress

Contracted works in progress are evaluated based on sales prices, taking into account their progress. If it is clear that a loss will occur on the work then it is redeemed immediately.

2.11 Trade receivables

Trade receivable are recognized at nominal value less allowance for doubtful accounts. An allowance against trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Claims that are ultimately lost are expensed from the Group's books.

2.12 Cash and cash equivalents

Cash and cash equivalents in the Balance sheet and the Cash flow statements includes cash, call deposits, short-term securities for less than 3 months less overdrafts on bank accounts. Accounts in overdraft are shown as current liabilities on the balance sheet.

2.13 Equity

Ordinary shares are classified as equity.

If any of the Group's companies purchase their own share capital (own shares), the consideration paid, including any additional costs directly attributable to the purchase (less income taxes), is deducted from equity until the shares are written off, reissued or disposed of. When such items are subsequently sold or reissued, any consideration received, less any additional costs of the transaction that can be directly attributed to the purchase and related effects of income tax, is included in equity.

Notes to the Consolidated Financial Statments

2.14 Borrowings

Borrowings are initially recognized at fair value but at a later estimate of amortized cost. Borrowing costs that are considered part of the interest rate on the loan are recognized during the term of the loan using the effective interest method, while other borrowing costs are expensed as soon as they accrue.

Borrowings are classified as current liabilities if they fall due within 12 months, otherwise they are classified as long-term debt.

2.15 Deferred income tax

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements is fully recognized as a liability. Deferred income tax, however, is not recognized if it arises from the initial recognition of an asset or liability in a business other than a business combination that has no effect on accounting or taxable profits or losses. Deferred income tax is determined using tax rates that have been legalized before the balance sheet date or are available to be legalized and are expected to be effective when the related deferred tax asset is redeemed or the deferred income tax liability is settled.

Deferred income tax due to temporary differences arising from investments in subsidiaries and associates is recognized, except when the Group controls when the temporary difference is reversed and the temporary difference is unlikely to reverse in the foreseeable future

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.16 Employee contracts

Profit sharing and bonuses payments

Under certain circumstances, a liability is recognized for key employees due to accrued rights to dividends. In order for this to be the case, a decision on payment must be made before the financial statements are issued.

2.17 Provisions

Provisions are recognized when the Company has a present obligation as a result of past events, the probability of the payment is likely and it is possible to measure the obligation reliably. The Company guarantees certain products and undertakes to repair products that do not work properly.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services, net of VAT and discounts and after the internal sales within the Group have been eliminated.

(a) *Sales of goods and services*

The Group manufactures and sells a range of products in retail and wholesale. Sales revenue is recognized when control of the goods has been transferred to the buyers, which is when the goods have been delivered. Delivery takes place when the buyer has received the goods, the risk of obsolescence and loss has been transferred to him and either the buyer has approved the goods in accordance with the sales agreement, the confirmation provisions have expired or the group has objective evidence that all the conditions for recognition have been met. Payments for the sale of goods and services are in accordance with normal business terms.

The Group sells services that involve the preparation of new fishing gear and repair of older fishing gear. Revenue from service provided is recognized when the buyer of the service has received new or repaired fishing gear.

(b) *Financial income*

Interest income is recognized in the income statement using the effective interest method for all financial instruments recognized at cost.

(c) *Dividends*

Dividend income is recognized when the right to receive payment is established.

2.19 Leases

The amounts for purchase and operation leases are not significant with the Group.

2.20 Distribution of dividends

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Notes to the Consolidated Financial Statments

3. Financial risk management

The Group has exposure to various types of financial risk in its operation, including credit risk, liquidity risk and market risk. The Group's overall risk management strategy is primarily focused on the unforeseen behavior of financial markets, which seeks to minimize any potential negative impact on the Group's operating performance.

The Board of Directors of the parent company is responsible for implementing and supervising the Group's risk management. The Board has entrusted the CEO of the parent company with the day-to-day risk management of the Group.

(a) Credit risk

Credit risk is the risk of the Group's financial loss if a client or counterparty in a financial instrument is unable to meet its contractual obligations. The Group's credit risk is mainly due to trade receivables.

Trade and other receivables

The Group's credit risk is mainly determined by the financial position and activities of individual customers.

Many of the Group's customers have had years of business with it, and lost trade receivables have been negligible as a proportion of turnover. In managing credit risk for customers, particular attention is paid to the age of claims and financial position of individual customers.

The Group represents a write-down for estimated impairment of trade receivables, other receivables and investments. The write-down is essentially a special write-down for individual customers.

Warranty obligations

It is the Group's policy to provide guarantees to only subsidiaries or parent companies. As of December 31, 2022, no significant guarantees were in effect.

The greatest possible loss due to credit risk, regardless of collateral

The following table shows the greatest possible loss due to credit risk regardless of collateral on December 31, 2022 and 2021. For the balance sheet, the largest possible loss is based on the book value of the assets at the settlement date.

	The greatest possible loss	
Credit risk related to the balance sheet	**2022**	**2021**
Trade and other receivables	33.921	34.104
Cash	12.503	14.805
Total possible losses due to credit risk	46.424	48.909

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group aims to manage liquidity so that it always has sufficient liquidity to meet its obligations as they mature.

The table below sets out the Group's debt by category according to their maturity date. The amounts in the table are non-discounted contractual payments.

As of 31. December 2022

	Carrying amount	Contractual cash flow	0-1 year	1 - 2 years	2 - 5 years	> 5 years
Borrowing	110.823	143.693	32.300	10.830	28.684	71.879
Accounts payable	29.468	29.468	29.468	0	0	0
	140.291	173.161	61.768	10.830	28.684	71.879

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statments

As of 31. December 2021

	Carrying amount	Contractual cash flow	0-1 year	1 - 2 years	2 - 5 years	> 5 years
Borrowing	95.893	114.479	20.295	8.998	22.988	62.198
Accounts payable	27.185	27.185	27.185	0	0	0
	123.078	141.664	47.480	8.998	22.988	62.198

c) Market risk

Market risk is the risk of changes in the market price of foreign currencies, interest rates and share prices will affect the Group's performance or the value of its investments in financial instruments.

Currency risk

The Group is exposed to foreign exchange risk due to assets, liabilities and transactions in currencies other than the functional currency of individual group companies. The main functional currencies of individual group companies are Danish krone (DKK), euro (EUR), Norwegian krone (NOK), US dollar (USD), GB Sterling pound (GBP) and Icelandic krona (ISK). The currencies that mainly create currency risk are ISK, GBP, NOK and USD. The Group considers that in order to affect the Group's performance, significant exchange rate fluctuations would be required. Hampidjan's operations in Iceland, both in terms of income and expenses, are to some extent in Icelandic krónur, but the exchange rate effect is to a considerable extent leveled out. at Hampiðjan hf. investments in subsidiaries create currency risk, the exchange rate difference of which is recognized under equity, see equity statement.

Interest rate risk

The Group's borrowing are for the most part with variable interest rates. An increase in interest rates on the settlement date by one percentage point in 2022 would have reduced the Group's profit before income tax by 1.108 thousand euros. In 2021, the reduction would have been 959 thousand euros. The calculation is based on operating effects on an annual basis. This analysis is based on the assumption that all other variables, in particular exchange rates, will remain unchanged.

3.1 Equity risk management

The Group manages its financing with the aim of maintaining its ability to continue to pay dividends to its owners.

The Company may change its dividend policy, repay its share capital, issue new capital or sell assets to reduce its debt to maintain or adjust its financing structure.

The following table shows the Group's financing and equity ratio (amounts in thousands of euros):

	2022	2021
Borrowing, long-term	83.738	78.977
Borrowing, short term	27.085	16.916
Deduction: Cash	(12.503)	(14.805)
Net debt	98.320	81.088
Equity	149.507	144.291
Total financing	247.827	225.379
The equity ratio	50,6%	52,8%

4. Significant accounting estimates

The recording of assets and liabilities for the next financial year is based on the Group's assessment. Such an assessment is reviewed in the light of experience and other factors, such as future expectations that are considered reasonable given the circumstances. Such an accounting estimate is rarely accurate to the actual result.

Its assessment and assumptions are under constant review. Changes in accounting estimates are recognized in the period in which the change takes place and the future periods affected by the change.

Information on important decisions related to accounting estimates can be found, among other things, in note 12 on impairment testing for the Group's goodwill. The other key valuation items in the financial statements are an estimate of the lifetime of an asset, see Note 2.5, an estimate of a write-down of trade receivables, see Notes 3 and 16, and an estimate of an impairment of inventories, see Note 15.

Notes to the Consolidated Financial Statements

5. Segment reporting

Operating segment

The Group is divided into five segments by companies within the Group:

Segment 1. Hampiðjan's operations, which are fishing gear, resale and investment. Hampidjan Baltic's operations in Lithuania, which is a factory production of nets, ropes and high performance ropes.

Segment 2. Swan Net Gundry's, Irish fishing gear company and related companies as well as Jackson Trawls and Jackson Offshore Supply in Scotland.

Segment 3. Operations of the fishing gear company Cosmos Trawl and its subsidiaries Nordsötrawl and Strandby Net.

Segment 4. Operations of the fishing gear companies Hampidjan New Zealand, Hampidjan Canada, Hampidjan USA and its subsidiary Swan net USA, Hampidjan Australia, Hampiðjan Ísland, Voot, the real estate company Miðhús, Hampidjan TorNet and Hampiðjan Offshore.

Segment 5. Operations of the fishing gear company P/F Von and its subsidiaries P/F Vónin, Vónin Refa, Qalut Vónin, Vónin Lithuania, Vónin Canada, Vónin Iceland and Volu Ventis.

2022	**Segment (1)**	**Segment (2)**	**Segment (3)**	**Segment (4)**	**Segment (5)**	**Inter company**	**Total**
Operating income	48.687	24.706	16.826	75.546	81.170	(53.176)	193.759
Direct production expense	(41.947)	(18.265)	(12.941)	(58.357)	(58.309)	51.411	(138.408)
	6.740	6.441	3.885	17.189	22.861		55.351
Operating expense	(7.215)	(3.649)	(2.209)	(10.822)	(12.158)	1.766	(34.287)
Operating profit	(475)	2.792	1.676	6.367	10.703		21.064
As a percentage of operating income	-1%	11%	10%	8%	13%		11%
Financial. Inc. (expenses)	(1.806)	(83)	(123)	(1.016)	(664)		(3.692)
Share of profit of associates	88	0	0	0	43		131
Income tax	425	(456)	(307)	(820)	(2.020)		(3.178)
Profit for the year	(1.768)	2.253	1.246	4.531	8.062		14.325
Depreciation of fixed assets	1.917	497	676	1.684	2.888		7.662
Acq.sale of fixed assets	(5.868)	(267)	(99)	(1.701)	(1.108)		(9.043)
EBITDA	1.444	3.289	2.352	8.050	13.591		28.726

2021	**Segment (1)**	**Segment (2)**	**Segment (3)**	**Segment (4)**	**Segment (5)**	**Inter company**	**Total**
Operating income	42.478	22.409	17.886	65.270	71.791	(47.115)	172.719
Direct production expense	(35.401)	(16.384)	(13.270)	(48.944)	(50.810)	45.381	(119.428)
	7.077	6.025	4.616	16.326	20.981		53.291
Operating expense	(5.420)	(3.487)	(2.529)	(9.755)	(10.746)	1.735	(30.202)
Operating profit	1.657	2.538	2.087	6.571	10.235		23.089
As a percentage of operating income	4%	11%	12%	10%	14%		13%
Financial. Inc. (expenses)	(1.226)	37	(75)	(627)	(482)		(2.373)
Share of profit of associates	62	0	0	0	38		100
Income tax	42	(717)	(406)	(945)	(1.923)		(3.949)
Profit for the year	535	1.858	1.606	4.999	7.868		16.867
Depreciation of fixed assets	1.819	533	622	1.435	2.485		6.894
Acq.sale of fixed assets	(5.933)	1.337	22	(1.457)	(7.442)		(13.473)
EBITDA	3.478	3.070	2.709	8.006	12.720		29.983

	Segment (1)	**Segment (2)**	**Segment (3)**	**Segment (4)**	**Segment (5)**	**Inter company**	**Total**
2022							
Fixed assets	62.245	15.103	11.831	19.756	69.258	(19.309)	158.884
Current assets	30.932	16.025	8.510	53.454	47.541	(19.878)	136.584
Long-term liabilities	69.967	731	6.134	17.223	14.662	(19.309)	89.408
Short-term liabilities	22.810	2.367	3.174	25.585	22.299	(19.682)	56.553
2021							
Fixed assets	57.308	13.802	9.476	20.031	67.402	(16.774)	151.245
Current assets	24.048	17.605	8.983	43.145	43.403	(15.387)	121.797
Long-term liabilities	65.752	757	3.743	16.758	14.414	(16.774)	84.650
Short-term liabilities	12.668	3.223	3.582	18.877	20.860	(15.109)	44.101

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

6. Salaries and related expenses

Personnel	**2022**	**2021**
Salaries and related expenses for the year are as follows:		
Salaries	46.491	41.114
Salary related expenses	5.967	4.973
	52.458	46.087
Average number of full time equivalent employees	1.206	1.191

The average number of employees is divided between genders so that 688 are male and 518 are female.

The Company has not entered into any agreements with employees or managers for pension or retirement benefits.

Salaries and related expenses are divided into the income statement as follows	**2022**	**2021**
Production expenses	36.050	31.056
Other operating expenses	16.408	15.031
	52.458	46.087

7. Operating expenses

	2022	**2021**
Purchased products and services	15.192	12.614
Salaries and related expenses	16.408	15.031
Amortized accounts receivable	85	257
Depreciation of property, plant and equipment	2.602	2.300
	34.287	30.202

Auditors' fees for auditing the annual accounts were EUR 304 thousand. (2021: EUR 249 thousand) and fee for the review of interim accounts and other services was EUR 138 thousand. (2021: EUR 167 thousand).

8. Financial income and (financial expenses)

	2022	**2021**
Interest income	119	232
Interest expenses	(3.918)	(3.328)
Translation differences	13	598
Dividends received	94	125
	(3.692)	(2.373)

9. Income tax

	2022	**2021**
Income tax payable	2.789	3.314
Deferred income tax (Note 19)	389	635
	3.178	3.949

Calculated income tax of the Company's profit before tax (effective income tax rate) differs from the theoretical amount that would arise using the income tax rate used for the calculation as follows:

Profit before tax	17.503	20.816
Calculated income tax with the income tax rate of the country concerned	3.463	4.136
Non-taxable income, capital gains on investment assets and profits of associates	(45)	(45)
Permanent differences	(240)	(142)
Income tax according to income statement	3.178	3.949

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

10. Earnings per share

Earnings per share is calculated by dividing the profit by the average number of share during the year, with the exception of ordinary shares purchased and retained as own shares.

	2022	2021
Profit for the year (thousands of euros)	14.325	16.867
Weighted average number of outstanding shares (in thousands)	489.563	489.563
Basic earnings and diluted earnings per share (EUR cents)	2,93	3,45

The total number of shares is 500 million, of which own shares are 10.4 million, each at a nominal value of ISK 1. All issued shares are paid in full. There were no changes in the number of shares during the year.

11. Property, plant and equipment

	Buildings	Machinery and equipment	Total
1st of January 2021			
Cost	86.949	49.494	136.443
Total depreciation	(18.558)	(25.449)	(44.007)
Book value	68.391	24.045	92.436
Movements in 2021			
Book value beginning of year 2021	68.391	24.045	92.436
Exchange rate difference	1.291	(81)	1.210
Additions during the year	10.449	7.846	18.295
Sold and disposals	(4.986)	(177)	(5.163)
Depreciation	(2.734)	(3.774)	(6.508)
Book value end of year 2021	72.411	27.859	100.270
1st of January 2022			
Cost	94.065	55.327	149.392
Total depreciation	(21.654)	(27.468)	(49.122)
Book value	72.411	27.859	100.270
Movements in 2022			
Book value beginning of year 2022	72.411	27.859	100.270
IFRS 16	2.807	314	3.121
Exchange rate difference	734	(895)	(161)
Additions during the year	7.375	6.604	13.979
Sold and disposals	(1.698)	(106)	(1.804)
Depreciation	(3.238)	(3.995)	(7.233)
Book value end of year 2022	78.391	29.781	108.172
Year end 2022			
Cost	103.286	61.012	164.298
Total depreciation	(24.895)	(31.231)	(56.126)
Book value end of year 2022	78.391	29.781	108.172

Depreciation of property, plant and equipment is recognized in the income statement as follows:

	2022	2021
Production cost	4.887	4.438
Other operating expenses	2.346	2.070
	7.233	6.508

Of fixed assets, approximately EUR 12,7 million are for right of use assets arising from IFRS 16 (2021: 9,4 million). Depreciation of right of use assets in the income statement is EUR 11,6 million (2021: 1,3 million).

Notes to the Consolidated Financial Statements

12. Intangible assets

	Goodwill	Patent	Software	Total
1st of January 2021				
Cost	45.137	2.782	1.718	49.637
Total depreciation	(350)	(2.688)	(724)	(3.762)
Book value	44.787	94	994	45.875
Movements in 2021				
Book value beginning of year 2021	44.787	94	994	45.875
Exchange rate difference	(60)	0	0	(60)
Additions during the year	996	0	1.013	2.009
Depreciation	0	(22)	(364)	(386)
Book value end of year 2021	45.723	72	1.643	47.438
1st of January 2022				
Cost	46.073	1.114	3.157	50.344
Total depreciation	(350)	(1.042)	(1.514)	(2.906)
Book value	45.723	72	1.643	47.438
Movements in 2022				
Book value beginning of year 2022	45.723	72	1.643	47.438
Exchange rate difference	(826)	(1)	0	(827)
Additions during the year	0	0	572	572
Depreciation	0	(22)	(407)	(429)
Book value end of year 2022	44.897	49	1.808	46.754
Year end 2022				
Cost	45.247	1.114	3.729	50.090
Total depreciation	(350)	(1.065)	(1.921)	(3.336)
Book value end of year 2022	44.897	49	1.808	46.754

Depreciation of intangible assets is recognized in the income statement as follows:

	2022	2021
Production cost	174	157
Other operating expenses	255	229
	429	386

Goodwill impairment test:

Goodwill is divided into the Group's cash-generating units (CGUs) and is defined according to the country (member) of the business.

The recoverable amount of cash-generating units is determined based on the value in use calculation. The definition of the cash-generating unit is taken into account when assessing its impairment and underlying fixed assets and current assets is taken into account. The calculations are based on the estimated cash flow for the next 5 years, together with the eternal value from that time. 2.5% nominal rate of cash flow is assumed to be in perpetual interest. An 9,3 - 12,6 % weighted nominal cash flow requirement is made. This is a rate of return which, according to the source of the cash flow, is based on the picture of the cash flow in question.

Estimated margin is as managers have determined it based on past performance and their expectations of market development. The discount rates reflect the specific risks associated with related segments.

Calculations of the recoverable amount did not result in an impairment loss in 2022 and 2021.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

13. Shares in associates

Hampiðjan owns a 45% stake in the affiliate company Sp/f Sílnet in the Faroe Islands. Also, the subsidiary P/F Von had a 44% stake in P/F Trolverkstaðið Bergið.

	Ownership	Share of profit	Book value
Sp/f Sílnet	45,00%	88	855
P/F Trolverkstaðið Bergið	44,40%	43	380
		131	1.235

14. Investment property

Hampiðjan owns shares with a nominal value of ISK 3 million in Síldarvinnslan hf. The value of these shares is entered at market value in the annual accounts because the shares of Síldarvinnslan hf. were listed on the Icelandic Stock Exchange's main market, Nasdaq Iceland, in 2021. Other investment assets are entered at the original purchase price.

Investment property are as follows:	2022	2021
Síldarvinnslan hf	2.419	2.063
Other companies	218	215
	2.637	2.278

15. Inventories

Inventories are as follows:	2022	2021
Net, ropes, hardware, fishing gear and other products	83.620	67.728
Work in progress	3.189	2.076
Raw material for trawl doors, net and cable production	3.351	3.084
	90.160	72.888

Inventories are written down due to age of about EUR 1,3 million in the consolidated balance sheet. In the previous year, inventories were reduced by EUR 1,2 million

16. Trade and other receivables

Trade and other receivables are as follows:	2022	2021
Trade receivables	32.283	31.315
Provision for doubtful receivables	(1.015)	(968)
Trade receivables, net	31.268	30.347
Bonds and other claims	2.739	3.853
Trade and other receivables year end	34.007	34.200
Of which long-term receivables	(86)	(96)
	33.921	34.104

Trade receivables are written down by EUR 1.015 thousand in the Consolidated Balance Sheet and the provision is as follows:

	2022	2021
Provision 1.1	968	747
Actual losses during the year	(38)	(36)
Impairment during the year	85	257
	1.015	968

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

17. Cash and cash equivalents

	2021	2020
Cash and other short-term investments	12.503	14.805
	12.503	14.805

18. Loans

Loans are secured by lands, real estate and inventories owned by the Group. Assets that have been purchased with a lease are mortgaged with the relevant assets to secure the remaining debt.

Long-term liabilities are defined as follows by exchange rate:	2022 Ratio	2022 Balance	2021 Ratio	2021 Balance
ISK	0,0%	7	0,0%	19
EUR	77,2%	71.192	77,4%	65.860
USD	0,7%	634	1,1%	945
AUS	1,2%	1.119	1,5%	1.264
NZD	1,7%	1.600	2,0%	1.706
DKK	8,4%	7.751	9,0%	7.623
NOK	10,7%	9.880	5,2%	4.455
GBP	0,0%	0	3,8%	3.265
	100%	92.183	100%	85.137

The repayments of the Group's long-term debt at year-end according to credit agreements from credit institutions, are as follows:

	2022	2021
Year 2023 / 2022	8.445	6.160
Year 2024 / 2023	6.881	6.711
Year 2025 / 2024	6.237	6.049
Year 2026 / 2025	6.259	5.230
Later	64.361	60.987
	92.183	85.137

Loans to credit institutions are stated in the balance sheet as follows:

Long-term liabilities :	2022	2021
Long-term debt bearing interest	79.373	75.337
Lease obligation, IFRS 16	12.810	9.800
Next year's installments	(8.445)	(6.160)
	83.738	78.977
Short-term liabilities:		
Next year payments of long term liabilities	8.445	6.160
Short-term interest-bearing debt	18.640	10.756
	27.085	16.916

19. Deferred income tax

Deferred net income tax liability is identified as follows:	2022	2021
Deferred income tax liability beginning of year	5.673	4.996
Income tax for the year	3.178	3.949
Income tax payable	(2.789)	(3.314)
Income tax is transferred to equity	(392)	42
Income tax liability at the end of the year	5.670	5.673

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

Deferred income tax liability is identified as follows:	2022	2021
Property, plant and equipment	6.516	6.327
Other assets and liabilities	258	(30)
Tax loss carry forward	(1.104)	(624)
	5.670	5.673

The Group has a transferable tax loss that is used to offset its taxable profit. The transferable tax loss is 1.104 thousand euros, which is divided as follows: 37 thousand euros that can be used until 2027, 178 thousand euros that can be used until 2028, 35 thousand euros that can be used until 2029, 290 thousand euros that can be used until 2030, 15 thousand that can be used until 2031 and 549 thousand that can be used until 2032.

20. Trade and other payables

Trade and other short-term liabilities are as follows:	2022	2021
Trade payables	24.829	23.444
Other short-term liabilities	1.322	1.224
	26.151	24.668

21. Related parties

Definition of related parties:

The Group's related parties are subsidiaries, associates, the Board of Directors, CEO, key personnel and related parties, in addition to companies owned by members of the Board of Directors and related parties.
Transactions between the Company and it´s subsidiaries are accounted for as related party transactions. Transactions with subsidiaries are eliminated at consolidation and are therefore not presented in the related party transaction statement.

Transactions with related parties:

The Group's transactions with shareholders and other related parties were as if they were unrelated transactions.

Transactions with management:

Salaries and benefits to the company's 22 executives for work for companies in the Group and their holdings in the company are stated as follows:

	Salaries	Number of shares at year end*
CEO, paid fixed salary and benefits	366	
Twenty one Managers: Fixed salary and allowances paid	3.127	240
Performance-related bonuses paid to managers	767	
Total	4.260	
Remuneration to the Board of Directors and the shareholding of the Board of Directors of Hampiðjan hf.	150	252.801

The holdings above include the holdings of financially related parties. Shares are in nominal value in thousands of ISK

22. Insurance value

The Group has purchased an operational interruption insurance that is intended to compensate for loss of operations for up to 12 months on the basis of the terms of the property insurance. The insurance amount is up to EUR 68 million. The insurance value of the Group's properties is EUR 128 million. The insurance value of manufacturing machinery and equipment, software and office equipment and supplies amounts to EUR 152 million.

Notes to the Consolidated Financial Statements

23. Investment in Mørenot

On November 17, 2022, Hampiðjan signed an agreement for the purchase of the Norwegian company Holding Cage I AS, which is the holding company of the Mørenot Group. Mørenot is an international company with offices in around 30 locations around the world. The company provides services and sells products to companies in the fishing, aquaculture and oil industries. The signing was done following extensive Due Diligence process. The purchase agreement was entered into subject to the approval of the Competition Authority of Iceland, Greenland and the Faroe Islands, as well as Hampiðjan shareholders' meeting agreeing to authorize Hampiðjan Board to issue new shares to pay the purchase price. All reservations were lifted at the beginning of February 2023 and the purchase was subsequently completed.

The purchase price was mostly paid with shares in Hampiðjan. The sellers were delivered 50,981,049 new shares in Hampiðjan and was based on the exchange rate of 112 ISK per share in that calculation. This was 20.4% above the market rate at the closing of the market on the day the purchase was announced. The sellers were also paid 209 m.ISK.

Hampiðjan is now listed on First North, but the intention is to transfer trading with the shares to the main list of Nasdaq this spring and to offer increased share capital. Hampiðjan's board of directors has the authorization of a shareholders' meeting to increase the share capital by up to 94,018,951 shares at nominal value, to pay down debts because Mørenot is heavily indebted. Also to finance the further development of Hampidjan Baltic's capacity in order to be able to meet Mørenot's need for nets and ropes.

24. Annual half year statements*

The Group's operations are broken down as follows:

	July - Dec. 2022	Jan.-June. 2022	July - Dec. 2021	Jan.-June. 2021	July - Dec. 2020	Jan.-June. 2020
Operating revenues	98.958	94.801	85.152	87.567	81.184	80.651
Operating expenses without depreciation	(84.788)	(80.245)	(70.909)	(71.827)	(67.711)	(66.629)
Non-Depreciation Operating Profit (EBITDA)	14.170	14.556	14.243	15.740	13.473	14.022
Depreciation	(3.929)	(3.733)	(3.434)	(3.460)	(2.892)	(3.153)
Operating profit (EBIT)	10.241	10.823	10.809	12.280	10.581	10.869
Financial income (expense)	(2.880)	(681)	(1.198)	(1.075)	(1.378)	(1.128)
Profit before tax	7.361	10.142	9.611	11.205	9.203	9.741
Income tax	(1.328)	(1.850)	(1.719)	(2.230)	(2.027)	(1.795)
Half year profit	6.033	8.292	7.892	8.975	7.176	7.946

*The amounts in the annual half-statements are unaudited

25. Other reserves

	Statutory reserve	Translation differences	Total
1st of January 2021	1.384	(2.285)	(901)
Translation difference		1.301	1.301
31st of December 2021	1.384	(984)	400
1st of January 2022	1.384	(984)	400
Translation difference		(1.706)	(1.706)
31st of December 2022	1.384	(2.690)	(1.306)

Statutory reserve

A statutory reserve is established in accordance with Act no. 2/1995 on limited liability companies. The statutory reserve can not be paid to shareholders as dividend. Contribution to is required until the reserve has reached 25% of the Company's share capital

Translation difference

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the Consolidated Financial Statements of foreign operations.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Notes to the Consolidated Financial Statements

26. Summary of companies in the group

Name of company	Location	Operations	Shares owned by the Group	Minority shares
Hampidjan Baltic UAB	Lithuania	Fishing gear	100%	
Hampidjan Australia Ltd	Australia	Fishing gear	80%	20%
Hampidjan New Zealand Ltd	New Zealar	Fishing gear	100%	
Hampidjan Canada Ltd	Canada	Fishing gear	100%	
Hampidjan USA Inc	USA	Asset mgm.	100%	
Swan Net USA, Subsidiary of Hampidjan USA Inc	USA	Fishing gear	75%	25%
Cosmos Trawl A/S	Denmark	Fishing gear	100%	
Nordsötrawl, Subsidiary of Cosmos Trawl A/S	Denmark	Fishing gear	100%	
Strandby Net A/S, Subsidiary of Cosmos Trawl A/S	Denmark	Fishing gear	80%	20%
Swan Net Gundry Ltd (SNG)	Ireland	Fishing gear	64%	36%
Costal Cages (Cliabhain Costa Teoranta), subsidiary of SNG	Ireland	Fishing gear	64%	36%
Swan Net East Coast Services, subsidiary of SNG	USA	Fishing gear	64%	36%
SNG Aqua, Subsidiary of SNG	Ireland	Fishing gear	64%	36%
Hampiðjan Ísland ehf	Iceland	Fishing gear	100%	
Hampidjan Russia	Russia	Sales	60%	40%
Voot ehf.	Iceland	Sales	68%	32%
Fasteignafélagið Miðhús ehf	Iceland	Real est.	53%	47%
Hampidjan TorNet SA	Spain	Fishing gear	100%	
P/F Von	Faroe Isl.	Asset mgm.	99%	1%
P/F Vónin, Subsidiary of P/F Von	Faroe Isl.	Fishing gear	100%	
Vonin Canada Ltd, Subsidiary of P/F Vónin	Canada	Fishing gear	100%	
Qalut Vonin, Subsidiary of P/F Vónin	Greenland	Fishing gear	75%	25%
Vónin Ísland ehf, Subsidiary of P/F Vónin	Iceland	Fishing gear	100%	
Volu Ventis ApS, Subsidiary of P/F Vónin	Denmark	Product develc	100%	
Vónin Refa AS, Subsidiary of P/F Von	Norway	Fishing gear	100%	
Heroy Terminal AS, Subsidiary of Vónin Refa AS	Norway	Real est.	100%	
UAB Vónin Lithuania, Subsidiary of P/F Von	Lithuania	Fishing gear	100%	
Jackson Trawls Ltd	Scotland	Fishing gear	80%	20%
Jackson Offshore Supply Ltd	Scotland	Sales	80%	20%
Hampiðjan Offshore ehf.	Iceland	Sales	100%	

Minority interest in subsidiaries' equity at year-end is EUR 14,2 million. Of that amount, a minority stake in Swan Net Gundry ltd.is EUR 6.7 million. Other minority shareholders are Hampidjan USA, Cosmos Trawl A/S, P/F Von, Hampidjan Australia, Voot ehf, Fasteignafélagið Miðhús ehf, Jackson Trawls Ltd and Jackson Offshore Supply Ltd.

Swan Net Gundry Ltd. in Ireland is the only company within the Group that is considered to have a significant minority for the Group. Information on the Company's balance sheet and operations is given in note no. 4 on segments, segment no. 2.

Hampiðjan hf. Translation of Consolidated Financial Statements 2022 Amounts are in EUR thousands

Appendix to the Consolidated Financial Statements. Non-financial information (unaudited)

About Hampiðjan

Hampiðjan is a limited company founded in the spring of 1934. The Hampiðjan Group's main business is the production and sale of fishing gear, its components and supercables, as well as products and services for aquaculture companies.

Hampiðjan was one of the first 5 companies to get their shares registered with the newly formed Equity Market hf. in November 1985. The company then went to the Iceland Stock Exchange in 1992, which later became Nasdaq OMX and First North in 2007. The company has announced its intention to go up to the main market of Nasdaq in Iceland in 2023.

At the end of 2022, Hampiðjunn's group consists of 31 companies in 14 countries around the world. The company has 1.206 employees.

Hampiðjan manufactures materials, ropes and nets for fishing gear at its factory in Lithuania and then sells them to other companies within the group. They sell those products, as well as other products purchased by third parties, to companies, especially in the fishing industry, both as a complete fishing gear and as a fishing gear and aquaculture component. Hampiðjan also manufactures products for the oil industry, deep-sea projects and slings for heavy lifts.

Environment

The board and management place great importance to environmental issues through both daily operations as well as in research and development work. Hampiðjan hf. has established an environmental policy which is available on the company's website and is the basis of the company's work in environmental matters. Work is underway to implement the policy at all the group's subsidiaries.

Constant work is being done in design of fishing gear and fishing gear components to reduce their environmental impact. Trolls that are lighter in tow reduce fuel consumption on the ships as well as better handling of the seabed on the fishing grounds. Today, most of the fishing gear that the company designs and manufactures is recycled, and this also applies to equipment for aquaculture.

In 2021, Hampiðjan received ISO 14001 environmental management system certification from Det Norska Veritas (DNV) for its operations in Iceland. This international standard covers strategic planning, goal setting, implementation and monitoring of all environmental aspects of the company. Hampiðjan Baltic, Hampiðjan's subsidiary in Lithuania and the group's main production unit, has also received ISO 14001 certification from DNV. It is planned to obtain the same certification for all subsidiaries of the group.

Hampiðjan places great emphasis on sorting and recycling. All waste is sorted and what can be recycled is sent for appropriate recycling.

Hampiðjan works with its customers to recycle used fishing gear by, among other things, taking apart older fishing gear and separating the materials. Hampiðjan has found partners who specialize in recycling materials used in fishing gear. Plastix in Denmark, which recycles PE nets and ropes, Polivektris in Lithuania, which recycles nylon, and Aquafil, through Nofir, which recycles nightshades from fish farming, can be mentioned in particular. We also have a partner in the Netherlands, Granuband, for the recycling of rockhoppers. All of these recycling methods create opportunities to create new products from used fishing gear that will continue to live, e.g. in cars, on playgrounds or in gyms. Hampiðjan also works in collaboration with these recycling companies in such a way as to explore the possibility of using recycled raw materials again in the manufacture of fishing gear and by doing that, closing the cycle. Hampiðjan also continues to work on finding recycling methods for all raw materials within Hampiðjan product range.

Hampidjan Baltic has its own recycling of PE materials that are generated in the production process, as well as the same kind of clean materials that group's companies transport back to Hampidjan Baltic for recycling and are used again in the production of fishing gear.

Hampiðjan is one of the "Blue Army" main supporters, environmental protection organizations that focus on the fight against plastic pollution in the ocean with cleaning, incentives and awareness raising.

Appendix to the Consolidated Financial Statements. Non-financial information (unaudited)

Social responsibility

Every summer for the past three years, Hampiðjan's employees and their families have taken one day to clean the country's shores together with the Blue Army environmental organization. The yield of these cleaning days is probably between 7 and 8 tons of various waste that has been recycled or landfilled, as appropriate.

Hampiðjan is a member of Festa, a center for social responsibility and sustainability. Festa's role is to increase knowledge of social responsibility and the sustainability of companies, institutions and all kinds of organizational units.

Hampiðjan is also a sponsor of various social projects in the areas in which the company operates.

Hampiðjan has not set a policy for granting grants for social issues, but the grants are reviewed and taken upon them when they are received.

Employees, human resources and security issues

Hampiðjan puts great emphasizes on appointing qualified and honest staff and that employees are given the best working conditions to carry out the tasks assigned to them at each time. Hampiðjan also puts emphasices on creating equal opportunities for its staff and that the staff is not being discriminated against on the basis of gender, race, religion, age or origin. Hampiðjan wants to make sure that the experience and talents of its employees will benefit the company, its employees and the relevant communities.

There are two women and three men on the Board of Directors.

The company has completed work in connection with the installation of an equal pay system for Hampiðjan hf. and Hampiðjan Ísland ehf. The system has been taken out by certification bodies and has been certified in accordance with the law that applies to equal pay certification.

Hampidjan Baltic, the Group's main production company and with most of the subsidiaries' employees, is certified by Det Norska Veritas Health and Safety Management System according to the OHSAS ISO 18001 standard.

Human rights, morals, corruption and bribery

Hampiðjan respects the general human rights and everyone's right to freedom of association and collective bargaining. Hampiðjan emphasizes that subcontractors comply with applicable laws in the country regarding their employees.

Hampiðjan emphasizes honest practices and does not tolerate corruption or bribery.

The company has established a policy regarding these issues, which is approved by the company's board. Work is beginning on implementing the standards that the company's board has approved for all companies within the group in line with laws and regulations in the countries in which the companies operate.