



We know seafood

# Annual Report

2019 for Maritech Systems AS



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## This is Maritech

# Control. Automation. Traceability.

**Maritech develops innovative software solutions for the global seafood industry. We make it possible to control and trace seafood throughout the entire value chain. We also provide logistics and IoT solutions for a broad range of industries.**

For more than 40 years we have worked closely with our customers and created best of breed, industry-specific solutions.

### Leading provider

Over 70 % of all the Norwegian seafood exports are managed through our systems, and many of the leading companies in the global seafood industry are amongst our customers. Through the acquisition of Timpex in 2019, we also hold a leading position in the Norwegian market for logistics software solutions.

### Facts instead of assumptions

All companies generate large amounts of data through production, processing, transportation and trading. We help our customers turn their data into valuable insights, available anytime, anywhere.

### Sustainability

Control, automation and traceability are keys to sustainability. Our solutions enable companies all over the world to optimize their utilization of resources. We believe in use of smart technology for a greener future.

## Key figures

- **Founded**  
1975, carved out from AKVA Group in 2012.
- **Purpose**  
Development and delivery of software and data systems to the global seafood industry.
- **Strategy**  
To enhance functionality, expand in the seafood value chain and expand geographically.
- **Vision**  
To create digital seafood.
- **Corporate Status**  
Norwegian, private owned company.
- **Offices**  
Averøy, Molde, Harstad, Tromsø, Åndalsnes, Trondheim and Oslo, Norway. Halifax, NS, Canada, and Seattle, US. Reykjavik, IS. Puerto Montt, CL.
- **Employees**  
100 +
- **Main Investors**  
Broodstock Capital AS and M-K Consulting AS
- **Website**  
maritechseafood.com

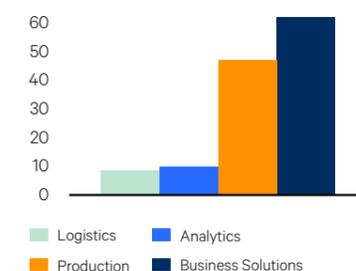
### Revenue by geography (NOK)



### Revenue and margin (group)



### Revenue by business unit



# CEO's statement



**As we look back on 2019, we are concluding another year with strong growth for Maritech.**

We have achieved an impressive 23% annual growth (CAGR) over the last 5 years.

Through the year we have continued to deliver on our growth strategy. We keep adding applications to our DGS cloud portfolio of tools aimed at streamlining the operational processes in the seafood valuation. The latest addition, DGS Purchase and Sales, allows you to automate and control the seafood purchase and sales process with efficient box-level tracking. Our strategy is to expand in the value chain and the acquisition of Timpex was a highlight of 2019. The establishment in Chile and the investment in Sea Data Center were important steps in our internationalization strategy.

In 2019 we have invested to scale the company for further growth. Moving our product portfolio to cloud is a big investment and we expect to see growing recurring revenues from our DigitalSeafood portfolio in years to come. In keeping with our core growth plan, we have invested strategically in key geographical areas and are now starting to see the fruits of our presence in North America, Iceland, and Chile. In addition, we have expanded the organization and the management team to take the company to the next level. Lillebakk has not delivered the budgeted profit and has negatively influenced our margins and result in 2019. To secure control and our future IoT and smart factory offering we have acquired 100% of the company. We are confident that all the investments taken position us for further growth and improved margins in years to come.

## Growing team of high performers

Maritech is a leading provider of software and data solutions to the global seafood industry. The company provides solutions to many of the largest and leading seafood companies. Through more than 40 years of experience, we ensure our customers get full business control, secure traceability throughout the value chain, and profits from the digital transformation.

With a unique blend of seafood experience and technology competence, our team is a trusted advisor to some of the most innovative seafood companies worldwide. Our customers turn to us to learn about best practice and latest trends across the value chain.

In 2019, we welcomed 25 new employees and the group now represents more than 100 specialists with unique experience in best-of-breed software solutions for handling business processes, making production smarter, optimizing logistics operations, and ensuring fact-based decision processes. These are organized in four business units: Business Solutions, Production, Logistics and Analytics.

## Innovating together

We strongly believe that the best ideas and solutions are created through teamwork. We strive to create business value for our customers from technology innovations, two-way dialogue, and continuous improvements. In 2019, we harvested from the

DigitalSeafood Innovation Lab by using new concepts and technologies such as cloud, IoT, big data, analytics, digital transformation, and automation.

Our innovation blueprint is based on design thinking, distilling the best practices of agile development into a few simple key processes: Empathize, define, ideate, prototype, and test. By applying these principles, we can quickly bring new solutions to the market pinpointing the most pressing needs of our customers in their digital transformation.

## Expanding in the value chain

Our strategy is to expand in the value chain and includes own development, partnerships and acquisitions. In January, we invested and partnered with Sea Data Center in Reykjavik, Iceland. The Sea Data Center platform, which offers product and species-specific trade trackers as well as daily commodity, auction, and retail price intelligence and trade flows, has received wide-spread industry support in Iceland and throughout Europe. Sea Data Center is also Maritech's representative in Iceland.

In November, we acquired Timpex who delivers software solutions for businesses that operate within logistics, transportation and customs. Over the past year, Timpex and Maritech have worked together to digitalize the document exchange between exporters, transporters, and customs agents, delivering a portal that gives actors in the seafood industry

a full logistics overview. Moving forward, our logistics business unit will continue to offer market leading solutions fulfilling the logistics, transport, and customs requirements across a wide range of industries.

After yearend 2019, Maritech has acquired 100% of the fast-growing company, Lillebakk, focused on automation and Industrial IoT. Lillebakk and Maritech have been cooperating closely since 2017, when Maritech became the majority shareholder in Lillebakk. Since then, we have been cooperating in several projects related to IoT, automation and analytics. Lillebakk's platform LINSiGHT is tailored for seafood, energy, industry and public sector, and will be developed further for the different segments.

**A big thanks to everyone that contributed in making 2019 a great year in Maritech's growth journey!**

**Janne T. Morstøl**  
CEO

## Solutions

# Best of breed – tailored for our customers

**A customer-centric strategy is at the core of all our product development, enabling us to provide leading solutions for the seafood and logistics industry.**

### Control

Efficiency and quality require control. Our solutions enable our customers to be agile and make data-driven daily operational decisions. Examples are control of your inventory, logistics, market prices, claims, margins and production.

### Automation

Enhanced automation allows for data to be economically and accurately captured, analyzed and reported. Interaction with scanners, barcode label printers, all the way to IoT sensor monitoring and management, gives all departments immediate access to the information they need, when they need it.

### Traceability

Our solutions ensure full and verifiable traceability throughout the value chain. You can capture and record complete catch and harvest information, integrated with the inventory record. We enable you to tell the story of your seafood.

○ An increasingly digitalized value chain requires new ways of technology thinking





**DigitalSeafood™**

# Sell and trace seafood from your pocket

**Control and operational agility throughout the value chain.**

DigitalSeafood™ (DGS) is our portfolio of innovative cloud-based software solutions, tailored for the global seafood industry. The systems gather information from all operations and allow you to control and trace seafood from sea to table. You can easily collaborate with suppliers, customers, 3rd party logistics and quality control.

## **Main launches**

In 2019 we have been especially proud to launch DGS Analytics and DGS Purchase & Sales.

DGS Analytics is a seafood-specific BI tool providing unique insight into the company's operations, markets and customers. You can make more accurate decisions as facts and comparisons are easily accessible and visualized in dashboards. You can reduce the amount of time spent collecting and presenting data. And as data sources can be combined, you can also get a better understanding of the company's performance seen in the light of external factors.

## **Deeper insight**

DGS Purchase & Sales enables you to buy, sell and trace fish from any device, anywhere. You have total control of inventory, what you have to sell, margin, and your customers and vendors. The solution also provides full and verifiable traceability and automates your processes for importing data, invoicing, and document flow. Analytics reports are also included, for deeper insight into up-to-the-minute pricing, margins and sales trends.



○ Aukra, Norway

**Extremely  
valuable tool**

Jørn Husøy, Controller and ICT Manager

## Market & Customers

**Strategic and technological changes require agility, knowledge and courage. We believe in close cooperation with our customers – innovating together.**

### Market trends

According to [Gartner](#), Infrastructure and Operations leaders must now shift to a strategic approach to automation. By 2025, more than 90% of enterprises will have an automation architect, up from less than 20% today. Furthermore, all companies need to plan for what is described as an overwhelming impact of IoT. Traceability, artificial intelligence and analytics are other examples of game-changers in 2020 and beyond.

### Innovative by design

To enable our customers to swiftly respond to market trends, emerging technologies and contextual shifts, R&D is a crucial priority in Maritech.

However, we know that technology is only a part of the solution, and that the organizations, leaders, and the actual end-users all hold important keys to success. Through a holistic focus, in-depth industry knowledge and best of breed solutions, we help our customers unleash competitive advantages and give their employees better tools to perform their work.

### Expanding globally

We continue our global expansion. Maritech is growing in North America and we are also pleased to have established an office in Chile. In Iceland we are now present through our strategic partnership with Sea Data Center. We have decreased our focus on the Spanish market. Moving into 2020 we look forward to expanding our market reach from sea to table.

## Vikenco

*Customer case*

**Vikenco is a globally recognized harvester and supplier of seafood located on the northwest coast of Norway. Vikenco uses a broad range of Maritech's products and has been a loyal customer for a long time.**

As Vikenco both harvests and refines seafood from other companies, it is crucial to control the origin of the fish. Solutions from Maritech ensure full traceability through the value chain. All products can be traced all the way back through the production process to the seed, and identity preservation measures ensure that they maintain the highest standards for proof of purity.

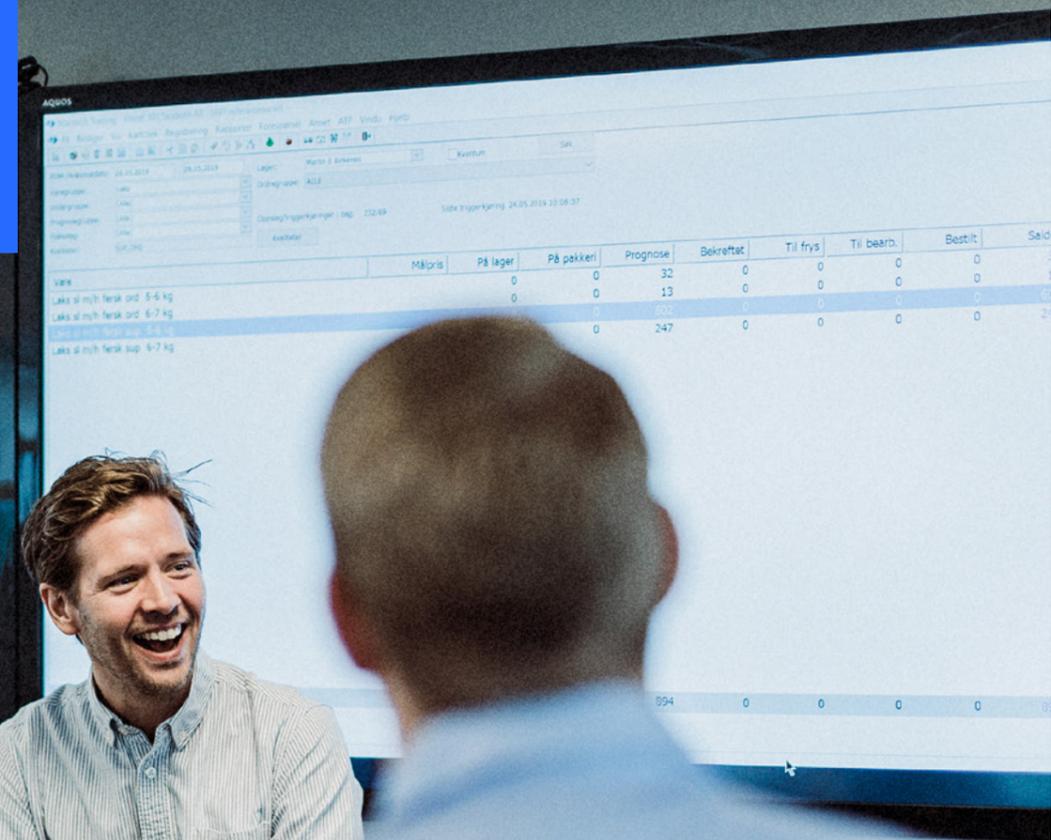
The sales team have full control over inventory, margins and prices through Maritech Trading, which is also integrated with accounting.

*“Maritech’s software streamlines our production and gives us the necessary tools to save time and costs. It was a natural choice for us, as their software is customized to our production.”*

The production and refining process demands control and oversight; temperature, functions, machines and numbers. “The DGS IoT solution enables us to control our processes through monitoring, visualizing and alarm systems,” says Jørn Husøy, controller and ICT manager at Vikenco.

## Facts instead of assumptions

Merete Lunde, Supply Chain Manager



Bergen, Norway

# Seaborn

Customer case

**Seaborn is a major distributor of Norwegian salmon and trout. As a user of Marietch Trading solutions, it was a natural choice to implement Maritech Analytics.**

### Advanced analytics

The analytics platform gathers data from all areas of Maritech Trading and makes Seaborn able to reduce time spent on producing and preparing reports. “Maritech Analytics provides us with better insight and understanding of our data” says Merete Lunde, Supply Chain Manager in Seaborn.

Lunde emphasizes the visualization of their complex data as one of the most valuable benefits of the solution.

*“Instead of gathering data, we can now spend more time on analyzing. This improves our decision making-processes.”*

“Power BI provides us with actionable insight and broader understanding of our data. We can easily analyze both the current situation and visualize future changes.”

### Streamlining the workday

The Analytics tool has changed Seaborn’s routines and workday. “The dashboard provides all departments with today’s status and focus. This means that we can be one step ahead instead of spending time on fighting fires. Our meetings are now to a greater extent based on facts instead of assumptions.”



# Organization

**We are proud and humble to have built an organization of more than 100 highly skilled employees all over the world. As we continue to expand, focusing on our corporate culture is more important than ever before.**

In 2019, we have welcomed 25 new employees and established Maritech in two new countries, Iceland and Chile. To encourage everyone to support each other, pull in the same direction and share a common philosophy, we started the year by elaborating a set of Maritech values.

*Our core values*

## Innovate together

Our team is innovative, bold, and ambitious. We create business value for our customers from technology innovations, two-way dialogue and continual improvements. We are open to new ideas and changes and constantly curious to find the best solutions.

## Act with integrity

Maritech puts respect and sincerity first. We are trustworthy when dealing with other employees, customers and partners.

## Help each other

We are team players and work to bring out the best in each other. Efficient and open communication drives success. We help each other to excel and we celebrate wins together.

## Passion for seafood

Our strength is a unique blend of seafood and technology expertise. We know seafood and we know how to tailor software to create value in seafood production. We support sustainable food production.

# Management



## Janne T. Morstøl

CEO

Ms. Morstøl is our charismatic, creative and hardworking CEO. She is a motivating and result-oriented leader who believes in succeeding through strong teams, high competence, passion and agility. She has high ambitions and considerable expertise related to technology industry leadership and executive management. Ms. Morstøl has broad experience in developing global technology enterprises and has served as a board member for a number of listed Norwegian companies.



## Odd Arne Kristengård

COO

Mr. Kristengård holds our broad perspective, overseeing the processes in Maritech. He has a longstanding track record as an essential part of Maritech's management team and is responsible for our Production business unit. Mr. Kristengård is a respected and valued leader who is also described as trusting, determined, accomplished and down to earth. Prior to joining Maritech in 2010, he served as Operations Manager in WISE Consulting for ten years.



## Erik Outzen

VP Business Solutions

Mr. Outzen is an experienced technology leader and business development professional, leading our Business Solutions unit with high energy and enthusiasm. His strong expertise in enterprise software and business process improvement is essential to our future innovation and expansion related to business solutions, developed for more than 40 years – tailored for the seafood industry. Prior to Maritech, Mr. Outzen was CEO and founder of Merit Globe AS, and CEO of Star Information Systems AS.



## Thomas Brevik

Director Logistics

Mr. Brevik joined our team April 1st 2020, and is in charge of the further growth of our Logistics business unit. He is a driven and experienced strategist with valuable competence related to business development and innovation. Mr. Brevik has previously worked in The Norwegian Armed Forces, as a consultant and in the finance industry.



## Oddvar Husby

Director Analytics

Mr. Husby is the leader of our Analytics business unit, the fastest growing segment in Maritech which continuously attracts attractive customers and extremely competent candidates. He is a strong analyst with great communication and leadership skills. Furthermore, Mr. Husby holds a PhD in Mathematics from Norwegian University of Science and Technology (NTNU), has extensive experience from the energy sector and is the Chairman of the Board of our strategic partner Sea Data Center.



## Raymond Haga

Finance and Business Management Director

Mr. Haga is in charge of our business management and financial affairs, and is thorough, competent and hardworking. His broad experience and substantial background in financial and business analysis is of great value to Maritech, as he has previously worked as a senior analyst and consultant for several firms including Ernst & Young and DNB.



## Klas Vangen

Sales Director

Mr. Vangen is leading our international sales and is a team player and energetic leader. He is described as well structured, strategic and easy to communicate with. Mr. Vangen sets clear goals and works hard with his team to reach them, a heritage from his years as a former professional Olympic athlete. He also has extensive sales management experience from international companies such as Nike and Bergans.



## Blair Shelton

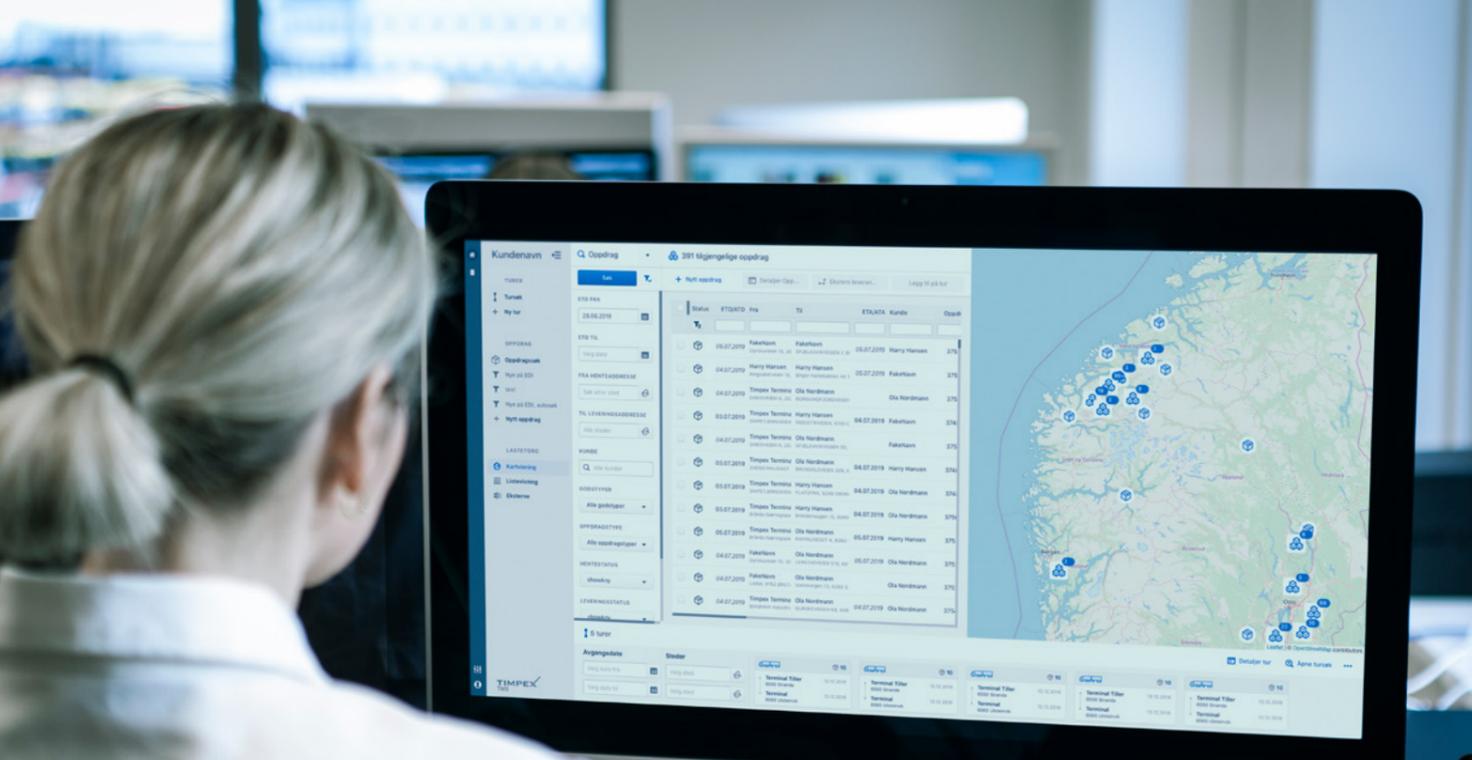
Managing Director Maritech NA

Mr. Shelton is leading our North American team and has held progressive roles within the company since joining the firm in 2001. His extensive 18 years in the industry, including his strategic involvement in the development of West Coast US operations, provide unique relations, insights and clarity into the North American seafood market.

## Our business units

In 2019 we established these four business units:

Production | Business Solutions | Analytics | Logistics



# Logistics

**March 1st 2020 we reached a milestone, when our logistics team, formerly Timpex, became a fully integrated part of Maritech. April 1st our new Logistics Director Thomas Brevik joined the team.**

Through the last 30 years Timpex has specialized in software solutions for logistics, transport and customs clearance. The company has established its position through focusing on innovation, highly skilled employees and close cooperation with customers. When Maritech acquired Timpex in October 2019, the companies already knew each other well. Since late 2017, Timpex and Maritech have been cooperating through a common transport project, which is scheduled for launch this summer. The outcome will be a portal for seamless interaction between exporter, transporter and customs. The solution is tailor made for the seafood industry and will increase quality and efficiency through the value chain.

*“We are proud to welcome our new colleagues to Maritech. They represent a valuable addition to our team, as people and professionals. We know them as experienced, competent and sincere, brilliant at building strong long-term relationships with customers and partners.”*

Janne T. Morstøl, CEO

# A “go-to” for seafood data and analyses

**In a close strategic partnership, Sea Data Center and Maritech help streamline our clients’ risk management and operational decision-making processes.**

Sea Data Center is now representing Maritech in Iceland and Managing Director Anna Björk Theodorsdottir have joined our Analytics team. Maritech is supporting Sea Data Center by further development on the platform seadatacenter.com, with data collection and monitoring as well as analytics of the data.

*“You cannot get this information as easily anywhere else. All open data in the world is collected in one place, this is quite unique.”*

Anna Björk Theodorsdottir, Managing Director of Sea Data Center

## 360-degree view of the seafood industry

Seadatacenter.com gives a unique way to discover valuable seafood market information. Subscribers get a 360-degree view of the seafood industry, with latest developments on supply and raw material prices, trade trends and consumer prices, all in the same place. Furthermore, the platform offers product and species trade trackers providing the user with an understanding and insight of the big picture.

Through this partnership we are supporting the decision-making processes and risk management for our clients, as well as increasing their knowledge and understanding of the global market conditions, sales channels, product opportunities and the real value of their product.

# Sustainability

**Traceability solutions from Maritech enable our customers to be more sustainable and gain competitive advantages.**

According to the UN, 30 percent of the world's fish stocks are over-exploited, reaching below the level at which they can produce sustainable yields. As much as 40 percent of the ocean is heavily affected by pollution, depleted fisheries, loss of coastal habitats and other human activities.

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## Recognized by Innovation Norway for sustainability

As a technology partner for the seafood and logistics industry, we believe that developing sustainable solutions is our responsibility and an opportunity. Since 2019 we have been featured as a part of [The Explorer](#), which is Innovation Norway's marketplace for green technology with global potential:

### **SDG 12. Responsible consumption and production**

Maritech's software solutions distinguish responsible members of the seafood supply chain from their less compliant competitors, helping to promote a more responsible industry.

*"Maritech's solutions for traceability are ensuring sustainable fishing practices and an ecologically responsible seafood industry."*

Innovation Norway – The Explorer

### **SDG 14. Life below water**

Maritech's software solutions play an important role in verifying that seafood is sustainably and legitimately caught.



## 4K for Ocean

During the AquaNor Expo in Trondheim in August 2019, we invited our customers to join us to run 4K for the Ocean together. For each participant we donated an amount to the organization In the Same Boat, who is working for a cleaner ocean. Over 60 people participated, and we will invite customers to a similar event again after Covid-19.

# Board of Directors



**Mette Kamsvåg** | Chairwoman of the board  
M-K Consulting

Mette Kamsvåg has 20 years' experience from IT and payment services and has been a member of the management of BBS and Nets for 15 years. She was CEO of Nets from 2011 to 2014. She is today working as an advisor within strategy, change processes and M&A.



**Jan Erik Løvik** | Member of the board  
Co-founder and Partner of Broodstock Capital

Jan Erik Løvik's breadth of experience includes over 15 years as a management consultant in Arkwright and Sensacon. Jan Erik founded Sensacon in 2008 and served as Managing Director until 2016. Jan Erik also co-founded FSV Group, a leading Norwegian service boat operators.



**Kjetil Haga** | Member of the board  
Independent Investor

Kjetil Haga has co-founded several new ventures within shipping, finance and fish farming, and held roles as CFO and CEO in venture backed companies. His expertise as a management consultancy partner makes him a valued board member in a number of companies.



**Geir Hansen** | Member of the board  
CEO of Geodata AS

Geir Hansen is a technology leader with broad competence across product marketing, solution sales, software development and consulting business. He has strong experience in developing and executing strategy through building teams and leading change in technical organizations.



**Hallgeir Loe** | Member of the board  
Employee Representative

As one of the company's longest-standing developers, Mr. Loe has worked on many different applications, before focusing solely on the Trading application in 1993. He is currently Maritech's Employee Representative on the Board of Directors.

# Board of Directors' Report

## *Declaration on the annual financial statements*

Maritech is a leading provider of software and data solutions to the global seafood industry. The company provides solutions to many of the largest and leading seafood companies. In addition, through the acquisition of Timpex, the company has a strong position in software for the Norwegian transport and logistics market. Maritech is in an expansive growth phase that includes product development, internationalization, new business models and market extension. In cooperation with the seafood industry, the company will develop tomorrow's solutions with a strong focus on digitalization and automation. The company's headquarters are in Averøy, Norway with the largest office in Molde. In addition, the company has regional offices in Åndalsnes, Trondheim, Harstad, Tromsø and Oslo. The company's North American headquarters are in Halifax, NS, Canada and the company is also present in Seattle, Washington, USA. In 2019, the company established a presence in Iceland (as majority owner in Sea Data Center) and also opened an office in Chile. In accordance with the Norwegian Accounting Act § 3.3a, the board confirms that the company fulfils the requirements necessary to operate as a going concern and the 2019 financial statements have been prepared based on this assumption.

## **Income statement**

The report includes comparisons with figures for the same period in 2018 (in parenthesis). Operating revenue for 2019 for the group was NOK 108 million (83), a growth of 29%. EBITDA was NOK 2 million, a decrease from NOK 8 million last year. The parent company had an EBITDA isolated of NOK 4 million (11), hence the decrease in the group EBITDA from last year is related to strategic investment in func-

tionality by moving to the cloud, in expanding in the value chain through development of IoT solutions in Lillebakk and geographical expansions in North America, Iceland and Chile. Group EBIT was NOK -11 million (3). Cash flow from operating activities was of NOK 7 million (6).

Revenue growth was driven by growth in Maritech Systems, Lillebakk and our North America operation. In addition, two months of revenue from the acquisition of transport and logistics solution provider, Timpex, is added to the group revenue. In 2019, Maritech Systems invested heavily in innovation and our cloud-based platform, DigitalSeafood, in addition to strengthening the organization for further growth, which resulted in a loss for the year. The investments are taken to position the company for future growth. As we are moving our product portfolio to DigitalSeafood, we have increased the depreciation of our legacy products hence depreciations are higher than previous years. Lillebakk has not delivered the budgeted profit and measures are taken to improve performance in 2020.

Maritech continues to leverage its leading market position, which is based not only on the strength of our industry-tailored software solutions, but also the skilled expertise of industry professionals with broad knowledge of seafood best practices and technologies like digitalization, analytics, and industrial IoT.

## **Balance sheet, liquidity & cash flow**

The group's book value of total assets at the end of 2019 was NOK 93 million. The group's equity was NOK 39 million, resulting in an equity ratio of 42%. Current assets amounted to NOK 40 million and current liabilities were NOK 39 million. At December 31, 2019, the non-current assets amounted to NOK 53 million, of which deferred tax assets of NOK 4 million and other intangible assets including good-

will was NOK 46 million. The group's cash flow from operations in 2019 was NOK 7 million (6). The cash balance on December 31, 2019 was NOK 12 million (of which NOK 2 million is restricted) and the group had interest bearing debt of NOK 20 million.

### Strategy and key events

Maritech continues to deliver on its growth strategy based on three pillars. The first pillar is related to enhancing functionality and in our DigitalSeafood Innovation Lab, we focus on new and emerging technologies for the seafood sector. A key event in 2019 was the launch at Aqua NOR in August of DGS Purchase and Sales, our true cloud-based solution for seafood procurement and sales. In the second half of the year we had a tight dialogue with pilot customers to ensure the product meets customer demand. In addition, more applications and functionality such as a solution for document handling and EDI were added to our cloud-based solution, DigitalSeafood.

The second pillar in our strategy is to expand in the value chain. Our ambition is to expand upstream and downstream through partnerships, acquisitions and own development. An important milestone in 2019 was the investment in Sea Data Center, an Icelandic provider of comprehensive seafood market information. Maritech and Sea Data Center are bringing together a unique set of market intelligence and benchmarking tools, allowing customers to overlay the latest seafood market supply and pricing trends against their own data, providing an approach to data-driven measurement and planning unparalleled in the industry today. Another important milestone in 2019, was the acquisition of Timpex who deliver software solutions for businesses that operate within logistics, transportation and customs. Timpex' clients consist of some of the most complex logistics companies in Norway and the team will continue to work with current clients, while also contributing to the development of transportation and logistics solutions in the seafood industry.

The third pillar in our strategy is to expand geographically. North America is our largest operation outside of Norway and our investment in the region

has resulted in growth in 2019. In addition, through our investment and strategic partnership with Sea Data Center, they are now our official representative in Iceland, providing a strategic foothold in that country as well. During the year, new clients were added both in North America and in Iceland. At the end of the year, Atlantic Sapphire, a pioneer in Blue-house™ (land-raised) salmon farming, selected Maritech as their software partner. We have also conducted market studies on Chile, the world's second largest exporter of salmon, and concluded that this should be a focus market. In November, we opened our Chilean office and are in dialogue with several opportunities. To focus on the most promising geographies, we have reduced our activities in Spain.

### Risk

Maritech's operations and results depend on many elements and the company continuously seeks to identify and mitigate risks. The risks Maritech is exposed to include customer dependence, technology and market development and financial risk (primarily related to currency exposure).

### Market related risk

Maritech operates in an area with rapid technological development. In order to offer the most attractive and competitive solutions to its customers, Maritech must continuously monitor and deploy new technology. Should the company fail to keep up with technological developments or make erroneous technological development choices, this could put the income potential under pressure. Maritech's board considers the risk of unforeseen technology developments which make the company's products less competitive to be low. The knowledge, expertise and experience of the company's employees combined with good market contact and close cooperation with the company's customers helps the company to keep up to date with technology and market trends, and the board therefore considers the company to have a market-driven product roadmap reflecting the latest technology trends. The company is investing heavily to move functionality to the cloud and putting effort into avoiding delays in product development.

### Operational risk

Maritech has strong relationships with the majority of the largest seafood companies in Norway. Should one of these customers choose another supplier, this will have an impact on the company. The company has implemented a governance model with its large customers to ensure they are given satisfactory products and support.

Maritech acquired Wise Dynamics in 2015, acquired Timpex in the end of 2019, became a majority shareholder in Lillebakk in 2017, and a majority shareholder in Sea Data Center in 2019. We are integrating and consolidating seafood-tailored product development into our joint product platform, DigitalSeafood. In addition, we are profiting from synergies in sales and marketing and administration. Generally, mergers and acquisitions are challenging, but Maritech has a strong focus on succeeding with integration of the acquired companies.

The company continues to be a relatively small organization with many key people. We are focusing on developing processes to ensure knowledge sharing and building structure capital. The company's strategy and goals are well known in the organization and the company has reorganized into business units to further strengthen the organization.

### Research and development

Maritech is continuously investing in research and development to ensure the product portfolio is maintained and new products are developed and brought to the market. The R&D activities have both a short-term and a long-term perspective and the Board considers that Maritech's product roadmap provides the basis for future company growth.

Maritech's cloud-based platform, DigitalSeafood, is hosted in a public cloud, Microsoft Azure, to support international growth and take advantage of software components available in the cloud platform. In 2019, the company had a very exciting market introduction of DGS Purchase & Sales, a native cloud application that streamlines seafood procurement and sales from any device, anywhere. The solution allows our customers to automate and control the purchase and sales process with efficient box-level track-

ing and pricing to ensure that orders flow through accurately on time and in margin. We also launched DGS Document service, a solution to share and collaborate on business-critical documents with an integrated and cloud-based seafood document management solution. In addition, we have continued to expand our DGS Analytics solution to support more of the seafood processes.

Over 45 employees are working in Maritech's development organizations across the group. In addition, the company has 42 consultants in the Professional Services department that are involved in specifying functional requirements for the products. Maritech has capitalized a share of product development cost related to products that are expected to contribute significantly to the company's future revenue. All other R&D costs are recognized and fully expensed as they occur.

### Organization and work force

#### Equal opportunities

The company strives to offer equal opportunities to all, independent of gender, physical handicap, religion, sexual orientation or ethnic background. Maritech's compensation system is based on equal pay for equal work. As an average for 2019, the group had 94 employees working at 8 offices in Norway and 3 locations in North America. In addition, the company is present in Reykjavik, Iceland and Puerto Montt, Chile. 29 percent of the workforce is female. The corporate management team consists of one woman and five men.

#### Business Units

In 2019, the company has organized into 4 business units to ensure focus on delivering products and solutions to the different business processes targeted. The business units are Business Solutions, Production, Logistics (formerly Timpex) and Analytics. Sales, Marketing and Product Development are organized in a matrix to serve all business units.

## Values

In order to ensure cultural alignment when growing the company, we have defined our core values in 2019. Our values are Innovate together, Help each other, Act with integrity, and Passion for seafood.

## Safety, health & environment (SHE)

Maritech is not regulated by environmental licenses or injunctions. The company does not carry out any activities with a significant negative impact on the external environment.

During the year, there have been no reports of serious accidents that resulted in serious personal injury or property damage. The company registers Sick Leave according to Norwegian law. The absence due to sickness is low, below 3%. The board considers the company's working environment to be good.

The management and the employees cooperate continuously to improve the working environment.

## Sustainability

An increasing population is resulting in an increased need for nutrition. Seafood is considered a protein efficient nutrition compared to other protein sources. In addition, seafood production is considered efficient in greenhouse gases compared to other food production. Norway has as an ambition to become the world leader in seafood and Maritech has as an ambition to contribute to reaching this goal. The company has mapped how the company's activities link to the UN's sustainable development goals and the following goals are where Maritech will contribute: Goal 2: Zero hunger, Goal 9: Industry, innovation and infrastructure, Goal 12: Responsible consumption and production, Goal 14: Life below water and Goal 17: Partnerships for the goals.

## Corporate Governance

The general assembly is the company's supreme authority and the shareholders' representatives to the board are elected by the general assembly. The company's board consists of five members. The Board is responsible for the company's strategic development and is responsible for following the company's financial situation as well as ensuring

that the company prepares operational plans and budgets. In 2019, the Board had 6 ordinary board meetings.

## Lillebakk

After the closure of the 2019 accounting, Maritech has acquired all shares of the Norwegian IoT company Lillebakk AS. Lillebakk was established in 2013 and is a fast-growing company focused on automation and Industrial IoT. In 2019 10 employees delivered a revenue of 25,5 MNOK, mainly derived from IoT and the cloud-based solution LINSIGHT. LINSIGHT is tailored for seafood, energy, industry and public sector, and will be developed further for the different segments.

The two companies have been cooperating closely since 2017, when Maritech became majority shareholder in Lillebakk. Since then, we have cooperated in several projects related to IoT, automation and analytics. Next step is to fully integrate and localize together in Molde, Norway.

## Outlook

The market for seafood is expected to grow and the company believes that the long-term outlook for software and data solutions for seafood is positive. The need for tailored solutions for seafood allowing digitalization, traceability and business control drives our markets. Maritech is well-positioned as a leading provider of software solutions to the Norwegian seafood industry. Our customers range in size from single unit facilities to large multi-national corporations who manage multiple, vertically integrated operations spanning diverse locations and markets and we continue to see opportunities in our key markets. Organic growth is the primary objective for Maritech. However selective acquisitions are continuously considered to expand in the value chain and to expand geographically. Profitable growth, positive operational cash flow, and a strengthened position in key markets are Maritech's focus areas. Based on the current demand from our customers, a focused organization and a tailored product portfolio, the company expects growth and positive cash flow from operations going forward.

## Company update related to the Covid-19 outbreak

After the closure of the 2019 accounting, the COVID-19 outbreak has emerged and become global. Our priorities in this situation are to safeguard our employees, customers, suppliers, partners as well as the society at large, and keep our operations running, to help support customers with business-critical projects, solutions and services. Maritech will throughout the COVID-19 situation be a responsible company and behave according to government guidelines. Maritech is at the time of its annual report experiencing limited operational impact from COVID-19, but the situation is dynamic and could change quickly. Maritech has reassessed the underlying assumptions in the significant accounting estimates, however no significant changes have been identified. The estimates and their underlying assumptions will be assessed continuously going forward.

The COVID-19 outbreak could have a negative impact on our markets during 2020. The coronavirus could delay deliveries of solutions as onsite installations and training are challenging due to travel restrictions. Furthermore, the COVID-19 outbreak will probably have an effect on the overall economy, which might lead to a postponement or reduction of the activity in our markets and a lower demand for our solutions. If our customers run into financial problems or closes down, this will also most likely lead to a weaker demand for the company's solutions. At the time of our annual report we experience a very high uncertainty regarding the impact of the COVID-19 on the company in 2020. It is not possible to forecast how significantly the COVID-19 will impact our revenue during 2020. Maritech has a strong focus on maintaining sufficient financial capacity to responsibly mitigate the situation and will closely monitor all developments in the coming weeks and months.

Averøy, 29.04.2020

The board of Maritech Systems AS



**Mette Kamsvåg**

Chairman of the board



**Jan Erik Løvik**

Member of the board



**Geir Hansen**

Member of the board



**Kjetil Haga**

Member of the board



**Hallgeir Loe**

Member of the board



**Janne T. Morstøl**

CEO

# Profit and Loss Account

Parent company (NOK)		Note	Group (NOK)	
2019	2018		2019	2018
<b>Operating income and operating expenses</b>				
64 498 195	57 961 314		107 454 762	82 849 742
26 313	57 302	1	374 273	518 510
<b>64 524 508</b>	<b>58 018 617</b>		<b>107 829 035</b>	<b>83 368 252</b>
4 050 158	2 493 276	12	20 021 306	11 583 254
40 652 739	32 863 335	2, 12	62 465 571	48 121 867
6 430 787	2 656 593	3	10 548 689	4 898 634
0	0	3	3 078 717	0
16 259 327	11 755 118	2, 14	23 133 570	15 644 498
<b>67 393 011</b>	<b>49 768 321</b>		<b>119 247 854</b>	<b>80 248 253</b>
<b>-2 868 503</b>	<b>8 250 296</b>		<b>-11 418 819</b>	<b>3 119 998</b>
<b>Financial income and expenses</b>				
264 648	224 664		0	0
0	0		12 362	0
165 108	191 381		257 840	298 731
6 024 940	0		0	0
0	0		315 907	0
225 880	449 426		564 574	936 290
<b>-5 821 065</b>	<b>-33 380</b>		<b>-610 279</b>	<b>-637 560</b>
<b>-8 689 568</b>	<b>8 216 915</b>		<b>-12 029 098</b>	<b>2 482 439</b>
-1 033 251	1 569 942	5	-1 892 471	975 373
<b>-7 656 317</b>	<b>6 646 973</b>		<b>-10 136 627</b>	<b>1 507 066</b>
0	0		-2 055 036	-455 740
-7 656 317	6 646 973		-8 081 591	1 962 806
<b>Brought forward</b>				
0	0			
-7 656 317	6 646 973	6		
<b>-7 656 317</b>	<b>6 646 973</b>			

# Balance Sheet

Parent company (NOK)		Note	Group (NOK)	
31.12.2019	31.12.2018		31.12.2019	31.12.2018
<b>Assets</b>				
<b>Fixed assets</b>				
<b>Intangible fixed assets</b>				
15 618 991	16 838 461	3, 4, 12	22 496 086	19 887 697
1 686 208	652 958	5	3 717 718	2 854 484
0	0	3	23 845 154	3 706 691
<b>17 305 199</b>	<b>17 491 419</b>		<b>50 058 958</b>	<b>26 448 873</b>
<b>Tangible fixed assets</b>				
682 523	548 800	3, 4	1 702 230	744 058
<b>682 523</b>	<b>548 800</b>		<b>1 702 230</b>	<b>744 058</b>
<b>Financial fixed assets</b>				
33 518 800	8 374 403	8	0	0
5 913 520	4 566 719	4, 9	0	0
1	1		450 001	50 001
633 621	538 013		871 329	538 013
<b>40 065 942</b>	<b>13 479 135</b>		<b>1 321 330</b>	<b>588 014</b>
<b>58 053 663</b>	<b>31 519 354</b>		<b>53 082 518</b>	<b>27 780 944</b>
<b>Current assets</b>				
<b>Inventories</b>				
692 944	382 246	4, 15	3 018 942	1 766 176
<b>692 944</b>	<b>382 246</b>		<b>3 018 942</b>	<b>1 766 176</b>
<b>Debtors</b>				
6 831 964	7 142 934	4, 9	18 695 522	12 670 005
3 832 166	2 005 925	10, 12	6 174 199	4 071 368
<b>10 664 130</b>	<b>9 148 858</b>		<b>24 869 720</b>	<b>16 741 374</b>
<b>Cash and bank deposits</b>				
5 737 939	10 359 973	11	11 850 652	11 019 475
<b>5 737 939</b>	<b>10 359 973</b>		<b>11 850 652</b>	<b>11 019 475</b>
<b>17 095 013</b>	<b>19 891 077</b>		<b>39 739 314</b>	<b>29 527 025</b>
<b>75 148 676</b>	<b>51 410 431</b>		<b>92 821 832</b>	<b>57 307 969</b>

# Balance Sheet

Parent company (NOK)			Group (NOK)		
31.12.2019	31.12.2018		Note	31.12.2019	31.12.2018
<b>Equity and liabilities</b>					
<b>Restricted equity</b>					
17 943 950	14 953 190		6, 7	17 943 950	14 953 190
23 304 036	4 294 765		6	23 304 036	4 294 765
<u>41 247 986</u>	<u>19 247 955</u>			<u>41 247 986</u>	<u>19 247 955</u>
<b>Retained earnings</b>					
4 630 324	12 286 641		6	0	6 197 615
0	0		6	-2 161 828	0
<u>4 630 324</u>	<u>12 286 641</u>			<u>-2 161 828</u>	<u>6 197 615</u>
0	0			-410 197	1 959 403
<u>45 878 310</u>	<u>31 534 597</u>			<u>38 675 961</u>	<u>27 404 974</u>
<b>Liabilities</b>					
<b>Other long-term liabilities</b>					
13 409 086	7 727 270		4	15 420 978	8 333 814
<u>13 409 086</u>	<u>7 727 270</u>			<u>15 420 978</u>	<u>8 333 814</u>
<b>Current liabilities</b>					
0	0		4	5 071 597	3 505 251
4 337 963	2 150 616		9	5 564 748	2 943 174
4 321 680	3 430 858			9 860 590	4 986 226
7 201 637	6 567 090			18 227 958	10 134 530
<u>15 861 280</u>	<u>12 148 564</u>			<u>38 724 893</u>	<u>21 569 181</u>
<u>29 270 366</u>	<u>19 875 834</u>			<u>54 145 871</u>	<u>29 902 995</u>
<u>75 148 676</u>	<u>51 410 431</u>			<u>92 821 832</u>	<u>57 307 969</u>

# Balance Sheet

Averøy, 29.04.2020  
The board of Maritech Systems AS

  
**Mette Kamsvåg**  
Chairman of the board

  
**Jan Erik Løvik**  
Member of the board

  
**Geir Hansen**  
Member of the board

  
**Kjetil Haga**  
Member of the board

  
**Hallgeir Loe**  
Member of the board

  
**Janne T. Morstøl**  
CEO

# Notes to the financial statement 2019

## Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

## Consolidation

The consolidated financial statement comprises companies where parent company and/or subsidiaries directly or indirectly have controlling interests. The consolidated statement shows profit and loss, balance sheet and cash flow as if the group was one entity. An ownership is normally considered as a controlling interest when the parent company directly or indirectly controls more than 50 % of the voting rights. Accounting principles are applied equally throughout the group. Newly acquired subsidiaries are consolidated from the point in time when controlling interest is reached.

The Group consolidated financial statement comprises the following companies:

- Maritech Systems AS (Averøy, Norway) (parent company)
- Maritech Dynamics Ltd (Halifax, Canada) (100 % owned from Nov. 2015)
- Lillebakk Engineering AS (Molde, Norway) (51,83 % owned from Nov 2017)
- Timpex AS (Åndalsnes, Norway) (100 % owned from Nov 2019)
- Sea Data Center (Reykjavik, Iceland) (60 % owned from Feb 2019)
- Maritech Systems Chile SpA (Santiago, Chile) (100 % owned from June 2019)
- Maritech Dynamics Inc (Seattle, USA) (100 % owned by Maritech Dynamics Ltd)

In April 2020 Maritech Systems AS has acquired 100 % of the shares in Lillebakk AS.

Acquisition of 100 % of the shares in Timpex AS is dated primo November 2019, and the accounts is consolidated from November 1th 2019.

Maritech Systems AS subscribed for 797 873 new shares in Sea Data Center ehf ultimo February 2019. The accounts is consolidated from January 1th 2019. The result for January and February do not represents a significant non-conformity for the Group.

Maritech Systems Chile Spa was founded in June 2019.

All material transactions between group companies have been eliminated in the consolidated financial statement.

## Elimination of shares in subsidiaries

Shares in subsidiaries are in the group statement eliminated according to the acquisition-method. The difference between purchase price and balance sheet value of net assets at the time of acquisition is analyzed and allocated to specific balance sheet items according to fair value. Values that cannot be allocated in this way, that exist due to expectations to future earnings are allocated to goodwill and depreciated according to expected useful life.

In order to consolidate the Group's financial statements have entries in other currencies in the subsidiary's balance accounts been converted according to the rate on the balance sheet date, and income statement have been converted according to the average exchange rate for the period. Conversion differences which occur at consolidation are accounted directly against equity.

## Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

## Revenue from sale of goods

Revenue from sale of goods are recognised in the income statement when both risk and control have passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Normally this will be when the goods are delivered to the customer. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

## Revenue from sale for services

Revenues for services are recognised when the services are performed and the company has a right to payment for performed.

## Classification and assessment of balance sheet items

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

## Intangible assets

Expenditure on Research and Development is capitalised providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortised linearly over the asset's expected useful life.

## Fixed assets

Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected

useful economic life of the assets. Maintenance of operating equipment is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased.

Costs related to leases of fixed assets are expensed over the lease period. Prepayments are reflected in the balance sheet as a prepaid expense, and are distributed over the rental period. The company only has operational leasing.

## Impairment of fixed assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

## Investments in other companies

The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognised as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are reflected as financial income when the dividends are approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

## Inventory

The inventory of purchased goods is valued at the lower of acquisition cost according to the FIFO principle and net sales value. Finished goods of own

production and work in progress are valued at production cost, including both variable and fixed production costs.

### Receivables

Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

### Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 % on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

### Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognised as operating income and cost of goods sold.

### Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



## Note 2 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses - Parent Company	Parent company		Group	
	2019	2018	2019	2018
Salaries/wages	37 304 567	31 519 920	53 903 159	46 536 227
Social security fees	5 545 669	4 641 108	7 470 943	5 837 592
Pension expenses	2 379 681	1 936 719	3 039 725	2 370 128
Other remuneration	1 503 458	848 298	5 524 634	1 540 090
Public grants	-2 456 064	-2 116 580	-3 848 316	-2 981 040
Own R&D	-3 624 572	-3 966 130	-3 624 572	-5 181 130
<b>Total</b>	<b>40 652 739</b>	<b>32 863 335</b>	<b>62 465 573</b>	<b>48 121 867</b>

Average number of man-years	49	49	74	67
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Remuneration to executives	Parent Company	
	CEO	Board
Salaries/wages	1 579 472	70 500
Pension expenses	0	0
Other remuneration	77 670	0
<b>Total</b>	<b>1 657 142</b>	<b>70 500</b>

No loans/sureties have been granted to the CEO, the Chairman of the Board or other related parties.

The CEO Janne Tvedt Morstøl has performance based salary of maximum 30% of her fixed base salary. The CEO is entitled to six months' salary after termination or amendment of her position/employment after a mutual notice period of six month.

### OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirement of this law.

### Expensed audit fee

	Parent company	Group
Statutory audit fee	137 700	282 775
Technical assistance with financial statements	46 500	56 500
Other services	166 400	186 238
<b>Total audit fee</b>	<b>350 600</b>	<b>525 513</b>

## Note 3 Fixed assets

Parent Company	R&D, licences and trademarks	Goodwill	Equipment and other movables	Total
Acquisition cost 01.01	31 655 972	15 677 769	1 723 593	49 057 334
Additions	4 941 021	0	404 019	5 345 040
Disposals	0	0	0	0
<b>Acquisition cost 31.12</b>	<b>36 596 993</b>	<b>15 677 769</b>	<b>2 127 612</b>	<b>54 402 374</b>
Acc. depreciation/ impairment 31.12	-20 978 002	-15 677 769	-1 445 089	-38 100 860
<b>Book value 31.12</b>	<b>15 618 991</b>	<b>0</b>	<b>682 523</b>	<b>16 301 514</b>

Depreciation in the year	6 160 491	0	270 296	6 430 787
Deprecation plan	Linear	Linear	Linear	
Economic useful life	5-10 year	5 year	3-5 year	

Group	R&D, licences and trademarks	Goodwill	Equipment and other movables	Total
Acquisition cost 01.01	36 939 204	21 630 437	2 272 613	60 842 254
Additions	11 414 320	24 432 963	1 465 405	37 312 688
Disposals	0	0	0	0
<b>Acquisition cost 31.12</b>	<b>48 353 524</b>	<b>46 063 400</b>	<b>3 738 018</b>	<b>98 154 942</b>
Acc. depreciation/ impairment 31.12	-25 857 438	-22 218 247	-2 035 788	-50 111 473
<b>Book value 31.12</b>	<b>22 496 086</b>	<b>23 845 153</b>	<b>1 702 230</b>	<b>48 043 469</b>

Depreciation in the year	7 799 166	2 241 645	507 878	10 548 689
Impairment in the year	1 018 222	2 060 495		3 078 717
Depreciation plan	Linear	Linear	Linear	
Economic useful life	3-10 year	5 year	3-5 year	

Remaining goodwill is connected to the acquisition of Maritech Dynamics Ltd in 2015, Lillebakk AS in 2017, Sea Data Center ehf and Timpex AS in 2019.

#### Note 4 Debtors, liabilities, pledged assets and guarantees etc.

	Parent Company		Group	
	2019	2018	2019	2018
Receivables which fall due later than one year after the expiry of the financial year	5 913 520	4 566 719	0	0
Long-term debt which fall due later than five years after the expiry of the financial year	0	0	0	0
<b>Liabilities secured by mortgage</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Liabilities to credit institution	13 409 086	7 727 270	20 492 575	11 839 065
<b>Total</b>	<b>13 409 086</b>	<b>7 727 270</b>	<b>20 492 575</b>	<b>11 839 065</b>
<b>Balance sheet value of assets placed as security</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
R&D, licences and trademark	15 618 991	16 838 461	22 496 086	19 887 697
Equipment and other movables	682 523	548 800	1 702 230	744 058
Inventories	692 944	382 246	3 018 942	1 766 176
Accounts receivables	6 831 964	7 142 934	18 695 522	12 670 005
Loan to group companies	5 913 520	4 566 719	0	0
<b>Total</b>	<b>29 739 942</b>	<b>29 479 159</b>	<b>45 912 780</b>	<b>35 067 936</b>
<b>Assets are also placed as security for:</b>				
Unused bank overdraft	5 000 000	1 500 000	6 674 171	1 500 000
Guarantee commitments	509 671	509 671	535 552	595 939
<b>Total</b>	<b>5 509 671</b>	<b>2 009 671</b>	<b>7 209 723</b>	<b>2 095 939</b>

#### Note 5 Tax

Parent Company		2019	2018
<b>This year's tax expense</b>			
Entered tax on ordinary profit/loss:			
<b>Payable tax</b>		<b>0</b>	<b>1 273 842</b>
Changes in deferred tax advantage		-1 033 251	296 100
<b>Tax expense on ordinary profit/loss</b>		<b>-1 033 251</b>	<b>1 569 942</b>
Taxable income:			
<b>Ordinary result before tax</b>		<b>-8 689 568</b>	<b>8 216 915</b>
Permanent differences		4 467 071	-2 197 243
Changes in temporary differences		212 965	-481 228
Allocation of loss to be brought forward		0	0
<b>Taxable income</b>		<b>-4 009 531</b>	<b>5 538 444</b>
Payable tax in the balance:			
<b>Payable tax on this year's result</b>		<b>0</b>	<b>1 273 842</b>
-Skattefunn (tax deduction for R&D), see note 12			-1 273 842
<b>Total payable tax in the balance</b>		<b>0</b>	<b>0</b>

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

Parent Company	2019	2018	Difference
Tangible fixed assets	-5 752 822	-6 838 780	-1 085 958
Inventories	-144 391	0	144 391
Accounts receivable	-142 243	-115 576	26 667
Accruals	-1 625 090	-401 617	1 223 473
Pension premium / liabilities	633 621	538 013	-95 608
<b>Total</b>	<b>-7 030 926</b>	<b>-6 817 961</b>	<b>212 965</b>
Accumulated loss to be brought forward	-4 009 531	0	4 009 531
Not included in the deferred tax calculation	3 375 873	3 849 970	474 097
<b>Basis for calculation of deferred tax</b>	<b>-7 664 584</b>	<b>-2 967 990</b>	<b>4 696 594</b>
<b>Deferred tax (22 %)</b>	<b>-1 686 208</b>	<b>-652 958</b>	<b>1 033 251</b>

#### Group

	2019	2018
<b>This year's tax expense</b>		
Entered tax on ordinary profit/loss:		
<b>Payable tax</b>	<b>136 450</b>	<b>1 173 371</b>
Deferred tax advantage acquired subsidiaries	-1 165 687	0
Changes in deferred tax advantage	-863 234	-197 998
<b>Tax expense on ordinary profit/loss</b>	<b>-1 892 471</b>	<b>975 373</b>

## Note 6 Equity

Parent Company	Share capital	Share premium reserve	Retained earnings	Total equity
Equity 01.01	14 953 190	4 294 765	12 286 641	31 534 597
Capital increase in the year	2 990 760	19 009 271		22 000 031
Annual net profit/loss			-7 656 317	-7 656 317
<b>Equity 31.12</b>	<b>17 943 950</b>	<b>23 304 036</b>	<b>4 630 325</b>	<b>45 878 311</b>

Group	Share capital	Share premium reserve	Retained earnings	Non controlling interests (minority)	Total equity
Equity 01.01	14 953 190	4 294 765	6 197 615	1 959 403	27 404 974
Capital increase in the year	2 990 760	19 009 271			22 000 031
Bought own shares subsidiary			-129 582	-120 418	-250 000
Acquisition subsidiaries			30 169	-188 619	-158 450
Exchange rate differences			-178 438	-5 527	-183 965
Annual net profit/loss			-8 081 591	-2 055 036	-10 136 627
<b>Equity 31.12</b>	<b>17 943 950</b>	<b>23 304 036</b>	<b>-2 161 827</b>	<b>-410 197</b>	<b>38 675 963</b>

## Note 7 Shareholders

The share capital in Maritech Systems AS as of December 31st consists of:

	Total	Face value	Entered
Ordinary shares	1 794 395	10,00	17 943 950
<b>Total</b>	<b>1 794 395</b>		<b>17 943 950</b>

### Ownership structure

The largest shareholders in % at year end:

Ordinary	Owner interest	Share of votes
BC SPV III B Holding AS	975 936	54,4
BC SPV III Holding AS	775 462	43,2
M-K Consulting AS (owned by chairman of the board)	42 997	2,4
<b>Total number of shares</b>	<b>1 794 395</b>	<b>100,0</b>

## Note 8 Investments in subsidiaries

Investments in subsidiaries are booked according to the cost method.

Company	Location	Ownership/ voting rights
Maritech Dynamics Ltd	Halifax, Canada	100,00 %
Lillebakk AS	Molde, Norway	51,83 %
Sea Data Center ehf	Reykjavik, Iceland	60,00 %

## Note 9 Intercompany balances

Receivables	2019	2018
Long term receivables	5 913 520	4 566 719
Accounts receivables	1 069 938	330 690
Other receivables	0	0
Liabilities	2019	2018
Long term liabilities	0	0
Trade creditors	1 797 246	275 571
Short term liabilities	0	0

## Note 10 Other current receivables

	Parent Company		Group	
	2019	2018	2019	2018
Other receivables and accruals	1 167 302	452 752	2 898 697	1 018 703
Skattefunn (Tax deduction for R&D)	1 596 374	1 032 635	1 927 012	2 489 127
Public grants	1 068 490	520 538	1 348 490	563 538
<b>Total</b>	<b>3 832 166</b>	<b>2 005 925</b>	<b>6 174 199</b>	<b>4 071 368</b>

## Note 11 Restricted bank deposits

	2019	2018
Parent company		
Restricted funds deposited in the tax deduction account (withheld employee tax)	1 814 124	1 578 567

## Note 12 Grants

Maritech Systems AS has been given a grant from Norges Forskningsråd (skattefunn) in connection with a development project.

The receivable connected to the grant is booked to the balance sheet as a reduction of NOK 1 273 842 in Tax payable. Amounts exceeding the Tax payable booked to the balance is listed as a Short term receivable with the tax authorities as debtors.

The value of the grant is deducted from the asset's acquisition cost, and resulting in the net value being recognised in the balance.

By direct expense of R & D costs, the counter item of the receivable becomes a cost reduction.

## Note 13 Revenues

Activity distribution / Geographical distribution (Group)	Europe	North America
Revenues from Seafood Solutions	56 443 873	10 361 584
Revenues from IoT	16 562 795	0
<b>Total</b>	<b>73 006 668</b>	<b>10 361 584</b>

## Note 14 Leases

Operating leases:

Lease object (Parent Company)	Expiration of agreement	Annual lease
Buildings and other real estate	2019 - 2022	1 497 806
Equipment, fixtures and fittings and other movables	2020	113 724
<b>Total</b>		<b>1 611 530</b>

## Note 15 Inventories

Parent Company	2019	2018
Purchased finished goods	692 944	382 246
<b>Total</b>	<b>692 944</b>	<b>382 246</b>
Inventories valued at purchased cost	837 335	382 246
Inventories valued at net realisable value	692 944	382 246
<b>Write-down for obsolescence</b>	<b>144 391</b>	<b>0</b>

Group	2019	2018
Purchased finished goods	1 766 176	1 593 707
Inventories valued at purchased cost	692 944	382 246
Inventories valued at net realisable value	692 944	382 246

Both the parent company's and the group's inventory is valued at purchase cost. No write-downs have made in connection with obsolescence.

## Note 16 Events after the closure of the 2019 accounting

After the closure of the 2019 accounting, the COVID-19 outbreak has emerged and become global. See further information in the Board of Directors report.



# Indirect Cash Flow

Parent Company		Group	
2019	2018	2019	2018
<b>Cash flows from operating activities</b>			
-8 689 568	8 216 915	-12 029 098	2 482 439
6 024 940	0	3 078 717	0
6 340 787	2 656 593	10 548 689	4 898 634
-310 698	151 154	-1 252 766	-172 469
310 970	871 849	-6 025 517	589 884
2 187 347	165 406	2 621 574	-943 510
-95 608	-14 752	-95 608	-14 752
-1 826 241	-2 005 647	-2 340 539	-2 281 966
1 615 369	244 435	12 984 872	1 646 943
<b>5 557 298</b>	<b>10 285 953</b>	<b>7 490 324</b>	<b>6 205 203</b>
<b>Cash flows from investment activities</b>			
0	0	0	0
5 345 040	5 485 721	37 312 688	6 564 514
1 346 801	575 449	0	0
31 169 338	880 485	0	0
<b>-37 861 179</b>	<b>-6 941 655</b>	<b>-37 312 688</b>	<b>-6 564 514</b>
<b>Cash flows from financing activities</b>			
7 500 000	0	10 471 694	3 505 251
1 818 184	1 818 184	1 818 184	2 464 912
22 000 031	0	22 000 031	0
0	0	0	0
<b>27 681 847</b>	<b>-1 818 184</b>	<b>30 653 541</b>	<b>1 040 339</b>
-4 622 034	1 526 114	831 177	681 028
10 359 973	8 833 859	11 019 475	10 338 447
<b>5 737 939</b>	<b>10 359 973</b>	<b>11 850 652</b>	<b>11 019 475</b>

## Independent Auditor's Report

To the General Meeting in Maritech Systems AS

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Maritech Systems AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2019, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Maritech Systems AS as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group Maritech Systems AS as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

### Report on Other Legal and Regulatory Requirements

#### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.



#### Opinion on Registration and Documentation

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Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Molde, 29 April 2020  
BDO AS

Roald Viken  
State Authorised Public Accountant

Note: Translation from Norwegian prepared for information purposes only.



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