

Norchem A/S

C/O Gorissen Federspiel Advokatpartnerselskab,
Axeltorv 2, st. 1., 1609 København V

CVR no. 21 25 46 49

Annual report 2021

Approved at the Company's annual general meeting on 28 June 2022

Chair of the meeting:

.....
Peter Hald Appel

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Norchem A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2021 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 28 June 2022
Executive Board:

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Torgeir Steinhaug

Board of Directors:

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Arild Toft
Chair

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Peter Hald Appel

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Bernt Daniel Odfjell Jr.

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Camilla Odfjell Gruer

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Laurence Ward Odfjell

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Carl Fredrik Odfjell

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Klaus Nyborg

Independent auditor's report

To the shareholders of Norchem A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Norchem A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 28 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Reedtz
State Authorised Public Accountant
mne24830

Management's review

Company details

Name	Norchem A/S
Address, Postal code, City	C/O Gorissen Federspiel Advokatpartnerselskab, Axeltorv 2, st. 1., 1609 København V
CVR no.	21 25 46 49
Established	1 October 1998
Registered office	Copenhagen
Financial year	1 January - 31 December
Board of Directors	Arild Toft, Chair Peter Hald Appel Bernt Daniel Odfjell Jr. Camilla Odfjell Gruer Laurence Ward Odfjell Carl Fredrik Odfjell Klaus Nyborg
Executive Board	Torgeir Steinhaug
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights for the Group

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit/loss	3,241	1,409	-3,860	-5,679	-1,532
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-1,870	-4,078	-13,068	-13,370	-8,616
Net financials	3,927	-5,583	3,761	700	-8,036
Profit/loss for the year	-91,992	53,712	-54,008	-450,133	186,080
Total assets					
Equity	1,499,779	1,472,243	1,561,540	1,615,401	1,953,649
Equity	1,490,973	1,464,439	1,553,493	1,607,050	1,945,671
Cash flows from operating activities					
Total cash flows	-1,145	-3,973	-8,601	-12,408	-7,926
Total cash flows	12,928	5,177	-37,281	-21,834	-6,122
Financial ratios					
Return on assets	-0.3%	-0.4%	-0.8%	-0.7%	-0.4%
Current ratio	1,979.4%	1,940.2%	2,289.4%	3,398.3%	4,254.1%
Equity ratio	99.4%	99.5%	99.5%	99.5%	99.6%
Return on equity	-6.2%	3.6%	-3.4%	-25.3%	9.6%
Average number of full-time employees					
employees	64	64	73	72	82

For terms and definitions, please see the accounting policies.

Management's review

Business review

The purpose of the Company is directly or through shareholdings to engage in seaborne transportation, trading and industrial activities, to invest in securities and in real property and other related activities.

Financial review

The consolidated income statement, including equity investments in associates, shows a result of DKK -92.0 million for 2021, compared with DKK 53.7 million for 2020. At 31 December 2021, the balance sheet shows equity of DKK 1.491 millions. The Board is reasonably satisfied with the result for 2021 given the context of the Covid 19 pandemic.

The result for 2021 has weakened compared to 2020. Despite Odfjell SE continues good progress and the overall strengthening of competitiveness, the results still have to improve for long term sustainability.

Financial risks and use of financial instruments

The Group is exposed to the changes in value in the companies they own, ie. Odfjell SE and Odfjell Vineyard S.A. Since the two companies have their functional currency in USD and CLP respectively, the Group is therefore exposed to currency risks in changes of the currency rates between DKK/USD and DKK/CLP.

The Group has no interest bearing debt and therefore they have no interest risk.

The Group has a relatively small holding of cash, only 3 % of total assets. Together with listed shares, bonds and short term receivables the Group has DKK 93.2 mill in current assets, corresponding to 6.2 % of total assets.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

Not long after the Covid-19 infection had begun to recede in most countries, a new tragedy arose in the form of devastating war on European soil. While the outcome is currently unknown, it is clear that the war Russia initiated against Ukraine will have severe ramification on the world. Despite of this, the fundamentals in growing ton mile demand and limited supply growth of ships, together with the fleet renewal in recent years, has put Odfjell SE in a good position to be profitable in the coming years. The Chemical market has improved considerably in the second half of the first quarter 2022 driven by strong fundamentals. The chemical tanker market has tightened further, and the company expect to report stronger results in second quarter.

Odfjell Vineyards has started 2022 with lower sales compared to 2021 and the operational result per 31 March 2022 is negative. Second quarter seems to be better than first quarter, but Odfjell Vineyards will most likely have a negative result in 2022.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
	Gross profit/loss	3,241	1,409	-1,064	-1,282
2	Staff costs	-5,111	-5,487	-394	-394
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,908	-2,278	0	0
	Profit/loss before net financials	-3,778	-6,356	-1,458	-1,676
	Income from investments in group enterprises	0	0	0	-6,919
	Income from investments in associates	-92,476	65,340	2,911	0
3	Financial income	4,198	1,534	3,210	984
4	Financial expenses	-271	-7,117	-78	-7,017
	Profit/loss before tax	-92,327	53,401	4,585	-14,628
5	Tax for the year	335	311	0	0
	Profit/loss for the year	-91,992	53,712	4,585	-14,628
	Specification of the Group's results of operations:				
	Shareholders in Norchem A/S	-91,991	53,714		
	Non-controlling interests	-1	-2		
		-91,992	53,712		

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
		ASSETS			
		Fixed assets			
6	Intangible assets				
	Acquired intangible assets	664	768	0	0
		<u>664</u>	<u>768</u>	<u>0</u>	<u>0</u>
7	Property, plant and equipment				
	Land and buildings	32,984	37,593	0	0
	Plant and machinery	2,851	3,156	0	0
	Fixtures and fittings, other plant and equipment	181	220	0	0
		<u>36,016</u>	<u>40,969</u>	<u>0</u>	<u>0</u>
8	Investments				
	Investments in group enterprises	0	0	64,625	64,625
	Investments in associates	1,369,927	1,352,161	650,143	662,098
		<u>1,369,927</u>	<u>1,352,161</u>	<u>714,768</u>	<u>726,723</u>
	Total fixed assets	<u>1,406,607</u>	<u>1,393,898</u>	<u>714,768</u>	<u>726,723</u>
	Non-fixed assets				
	Inventories				
	Raw materials and consumables	2,282	2,113	0	0
	Work in progress	6,769	8,353	0	0
	Finished goods and goods for resale	4,974	6,060	0	0
		<u>14,025</u>	<u>16,526</u>	<u>0</u>	<u>0</u>
	Receivables				
	Trade receivables	5,295	4,475	0	0
9	Deferred tax assets	1,984	1,839	0	0
	Corporation tax receivable	0	66	0	110
	Other receivables	465	78	0	0
		<u>7,744</u>	<u>6,458</u>	<u>0</u>	<u>110</u>
10	Securities and investments	23,065	21,615	22,898	21,398
	Cash	48,338	33,746	41,813	26,432
	Total non-fixed assets	<u>93,172</u>	<u>78,345</u>	<u>64,711</u>	<u>47,940</u>
	TOTAL ASSETS	<u>1,499,779</u>	<u>1,472,243</u>	<u>779,479</u>	<u>774,663</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group		Parent company	
		2021	2020	2021	2020
		EQUITY AND LIABILITIES			
		Equity			
11	Share capital	51,600	51,600	51,600	51,600
	Translation reserve	-31,713	-135,515	0	0
	Retained earnings	1,471,064	1,548,329	723,086	718,501
	Shareholders in Norchem				
	A/S' share of equity	1,490,951	1,464,414	774,686	770,101
	Non-controlling interests	22	25	0	0
	Total equity	1,490,973	1,464,439	774,686	770,101
	Provisions				
	Liabilities other than provisions				
12	Non-current liabilities other than provisions				
	Bank debt	61	38	0	0
	Payables to shareholders and Management	4,038	3,728	4,038	3,728
		4,099	3,766	4,038	3,728
	Current liabilities other than provisions				
	Bank debt	61	121	0	0
	Trade payables	2,776	1,855	0	0
	Corporation tax payable	95	0	0	0
	Other payables	1,775	2,062	755	834
		4,707	4,038	755	834
	Total liabilities other than provisions	8,806	7,804	4,793	4,562
	TOTAL EQUITY AND LIABILITIES	1,499,779	1,472,243	779,479	774,663

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit/loss

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group					
Note	DKK'000	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Equity at 1 January 2020	51,600	0	1,501,868	1,553,468	25	1,553,493
	Transfer through appropriation of profit	0	0	53,714	53,714	-2	53,712
	Adjustment of investments through foreign exchange adjustments	0	-135,515	0	-135,515	2	-135,513
	Other value adjustments of equity	0	0	-7,253	-7,253	0	-7,253
	Equity at 1 January 2021	51,600	-135,515	1,548,329	1,464,414	25	1,464,439
	Transfer through appropriation of loss	0	0	-91,991	-91,991	-1	-91,992
	Adjustment of investments through foreign exchange adjustments	0	103,802	0	103,802	-2	103,800
	Other value adjustments of equity	0	0	14,726	14,726	0	14,726
	Equity at 31 December 2021	51,600	-31,713	1,471,064	1,490,951	22	1,490,973
		Parent company					
		Share capital		Retained earnings		Total	
	Equity at 1 January 2020	51,600		733,129		784,729	
16	Transfer, see "Appropriation of profit/loss"	0		-14,628		-14,628	
	Equity at 1 January 2021	51,600		718,501		770,101	
16	Transfer, see "Appropriation of profit/loss"	0		4,585		4,585	
	Equity at 31 December 2021	51,600		723,086		774,686	

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group	
		2021	2020
	Profit/loss for the year	-91,992	53,712
17	Adjustments	87,920	-59,119
	Cash generated from operations (operating activities)	-4,072	-5,407
18	Changes in working capital	1,928	824
	Cash generated from operations (operating activities)	-2,144	-4,583
	Interest received, etc.	38	100
	Interest paid, etc.	-10	-8
	Income taxes paid/received	161	670
	Other financial adjustment related to operating activities	810	-152
	Cash flows from operating activities	-1,145	-3,973
	Additions of intangible assets	-69	-11
	Additions of property, plant and equipment	-934	-563
	Disposals of property, plant and equipment	22	419
	Purchase and sale of investments and securities	14,772	8,887
	Received dividend from investments and securities	319	374
	Cash flows to investing activities	14,110	9,106
	Proceeds of debt to banks	-37	44
	Cash flows from financing activities	-37	44
	Net cash flow	12,928	5,177
	Cash and cash equivalents at 1 January	33,625	28,730
	Foreign exchange adjustments	1,724	-282
19	Cash and cash equivalents at 31 December	48,277	33,625

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Norchem A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is recognised.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Income statement

Revenue

Income from the sale of goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Gross profit/loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	20 years
New line	years
Buildings	8-30 years
Plant and machinery	12 years
Fixtures and fittings, other plant and equipment	8 years

Land is not depreciated.

Profit/loss from investments in subsidiaries and associates

Parent:

The item includes dividend received from subsidiaries and associates in so far as the dividend does not exceed the accumulated earnings in the subsidiary and associate in the period of ownership.

Group:

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries and associates

Group:

In the consolidated financial statements, investments in associates are measured using the equity method at the parent's proportionate share of such entities' equity plus goodwill on consolidation and intra-group losses and less intra-group gains and negative goodwill, if any. Investments in entities whose net asset value is negative are measured at DKK 0. The entity's proportionate share of a deficit on equity, if any, is set off against receivables from the investment to the extent that the deficit is irrecoverable. Amounts in excess thereof are recognised under 'Provisions' to the extent that the parent has a legal or constructive obligation to cover the deficit.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

Parent:

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Equity investments in subsidiaries and associates measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Securities and investments

Securities and investments consisting in listed shares and bonds are measured at fair value (market price) at the balance sheet date. Investments not admitted to trading on an active market are measured at cost.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax ex. non-controlling interests} \times 100}{\text{Average equity excl. non-controlling interests}}$

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
	2021	2020	2021	2020
DKK'000				
2 Staff costs				
Wages/salaries	5,111	5,487	394	394
	<u>5,111</u>	<u>5,487</u>	<u>394</u>	<u>394</u>
Average number of full-time employees	64	64	0	0
	<u>64</u>	<u>64</u>	<u>0</u>	<u>0</u>

Group

Total remuneration to Board Members: 394 t.kr. (2020: 394 t.kr.)

	Group		Parent company	
	2021	2020	2021	2020
DKK'000				
3 Financial income				
Exchange gain	2,429	0	1,615	0
Unrealised capital gains on securities	452	509	452	509
Other financial income	1,317	1,025	1,143	475
	<u>4,198</u>	<u>1,534</u>	<u>3,210</u>	<u>984</u>
4 Financial expenses				
Exchange losses	0	4,611	0	4,611
Unrealised capital loss on securities	68	912	68	912
Other financial expenses	203	1,594	10	1,494
	<u>271</u>	<u>7,117</u>	<u>78</u>	<u>7,017</u>
5 Tax for the year				
Deferred tax adjustments in the year	-335	-311	0	0
	<u>-335</u>	<u>-311</u>	<u>0</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

	Group
	Acquired intangible assets
DKK'000	
Cost at 1 January 2021	1,500
Foreign exchange adjustments	-155
Additions	69
Cost at 31 December 2021	1,414
Impairment losses and amortisation at 1 January 2021	732
Foreign exchange adjustments	-76
Amortisation for the year	94
Impairment losses and amortisation at 31 December 2021	750
Carrying amount at 31 December 2021	664

7 Property, plant and equipment

	Group			
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
DKK'000				
Cost at 1 January 2021	72,112	22,821	834	95,767
Foreign exchange adjustments	-7,443	-2,356	-86	-9,885
Additions	185	704	45	934
Disposals	-326	0	0	-326
Cost at 31 December 2021	64,528	21,169	793	86,490
Impairment losses and depreciation at 1 January 2021	34,519	19,665	614	54,798
Foreign exchange adjustments	-3,741	-2,030	-63	-5,834
Depreciation	1,070	683	61	1,814
Reversal of accumulated depreciation and impairment of assets disposed	-304	0	0	-304
Impairment losses and depreciation at 31 December 2021	31,544	18,318	612	50,474
Carrying amount at 31 December 2021	32,984	2,851	181	36,016

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Investments

	<u>Group</u>
	<u>Investments in associates</u>
DKK'000	
Cost at 1 January 2021	662,098
Disposals	-11,955
Cost at 31 December 2021	<u>650,143</u>
Value adjustments at 1 January 2021	690,063
Foreign exchange adjustments	110,382
Profit/loss for the year	-82,922
Changes in equity	14,726
Value adjustments related to adjustment of investment in associates	-12,465
Value adjustments at 31 December 2021	<u>719,784</u>
Carrying amount at 31 December 2021	<u><u>1,369,927</u></u>

The carrying amount of the associate Odfjell SE, t.DKK 1.369.927 is higher than the stock value at 31 December 2021, t.DKK 815.089. No impairment has been recognised in 2021 as this is considered a fluctuation in the stock market, as the underlying assets in the company shows a higher value.

Group

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Associates				
Odfjell SE	Norway	38.06%	3,599,389	-217,871

	<u>Parent company</u>		
	<u>Investments in group enterprises</u>	<u>Investments in associates</u>	<u>Total</u>
DKK'000			
Cost at 1 January 2021	154,725	662,098	816,823
Disposals	0	-11,955	-11,955
Cost at 31 December 2021	<u>154,725</u>	<u>650,143</u>	<u>804,868</u>
Value adjustments at 1 January 2021	-90,100	0	-90,100
Value adjustments at 31 December 2021	-90,100	0	-90,100
Carrying amount at 31 December 2021	<u>64,625</u>	<u>650,143</u>	<u>714,768</u>

Parent company

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>	<u>Equity DKK'000</u>	<u>Profit/loss DKK'000</u>
Subsidiaries				
Norchem Trading A/S	Norway	100.00%	2,261	-92
Odfjell Vineyards S.A.	Chile	99.99%	57,138	-1,098
Associates				
Odfjell SE	Norway	38.06%	3,599,389	-217,871

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Deferred tax assets

Group

Deferred tax assets relates to temporary difference between the carrying amount and the tax base of the groups assets.

10 Securities and investments

Fair value information

DKK'000	Listed stocs - Group	Listed stocs - Parent company
Fair value at 31 December	23,065	22,898
Value adjustments in the income statement	1,341	1,168

DKK'000	Parent company	
	2021	2020

11 Share capital

Analysis of the share capital:

5,000,000 A shares of DKK 1.00 nominal value each	5,000	5,000
46,600,000 B shares of DKK 1.00 nominal value each	46,600	46,600
	<u>51,600</u>	<u>51,600</u>

The parent's share capital has remained DKK 51,600 thousand in the past year.

12 Non-current liabilities other than provisions

DKK'000	Group			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Bank debt	61	0	61	0
Payables to shareholders and Management	4,038	0	4,038	0
	<u>4,099</u>	<u>0</u>	<u>4,099</u>	<u>0</u>
DKK'000	Parent company			
	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Payables to shareholders and Management	4,038	0	4,038	0
	<u>4,038</u>	<u>0</u>	<u>4,038</u>	<u>0</u>

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

The subsidiary Odfjell Vineyards S.A. maintains guarantee bills in the amount of DKK 15 thousand issued in Banco Santander in the name of the National Institute of Agricultural Development for the Contract for the Provision of Technical Advisory Services Specializing in Winemaking and Wine Raising in the Liberator General Bernardo O'Higgins region.

14 Collateral

Group

The group has not provided any security or other collateral in assets at 31 December 2021.

Parent company

The parent Company has not provided any security or other collateral in assets at 31 December 2021.

15 Related parties

Group

Related party transactions

DKK'000	2021	2020
Group		
Payables to shareholders	4,038	3,728
Parent Company		
Payables to shareholders	4,038	3,728

Parent company

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Laurence Ward Odfjell	Singapore
Bernt Daniel Odfjell Jr.	Cascais, Portugal
Carl Fredrik Odfjell	Cobham, UK
Camilla Odfjell Gruer	Hønefoss, Norway
Rederiet Odfjell AS	Bergen, Norway

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	Parent company	
	2021	2020
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	4,585	-14,628
	<u>4,585</u>	<u>-14,628</u>
17 Adjustments		
Amortisation/depreciation and impairment losses	1,908	2,278
Income from investments in associates	92,476	-65,340
Financial income	-4,198	-1,534
Financial expenses	271	7,115
Deferred tax	-335	-311
Other adjustments	-2,202	-1,327
	<u>87,920</u>	<u>-59,119</u>
18 Changes in working capital		
Change in inventories	2,501	1,179
Change in receivables	-1,207	93
Change in trade and other payables	634	-448
	<u>1,928</u>	<u>824</u>
19 Cash and cash equivalents at year-end		
Cash according to the balance sheet	48,338	33,746
Short-term debt to banks	-61	-121
	<u>48,277</u>	<u>33,625</u>

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Torgeir Steinhaug

Executive Board

On behalf of: Norchem AS

Serial number: 9578-5993-4-2392367

IP: 77.16.xxx.xxx

2022-06-28 12:23:53 UTC



Camilla Odfjell Gruer

Board of Directors

On behalf of: Norchem AS

Serial number: 9578-5997-4-261115

IP: 46.230.xxx.xxx

2022-06-28 12:30:09 UTC



Bernt Daniel Odfjell

Board of Directors

On behalf of: Norchem AS

Serial number: 9578-5999-4-1056333

IP: 85.241.xxx.xxx

2022-06-28 13:26:52 UTC



Laurence Ward Odfjell

Board of Directors

On behalf of: Norchem AS

Serial number: 9578-5999-4-4119433

IP: 58.96.xxx.xxx

2022-06-28 14:12:49 UTC



Carl Fredrik Odfjell

Board of Directors

On behalf of: Norchem AS

Serial number: 9578-5999-4-1302610

IP: 86.29.xxx.xxx

2022-06-28 15:45:35 UTC



Klaus Nyborg

Board of Directors

On behalf of: Norchem AS

Serial number: PID:9208-2002-2-332427424421

IP: 2.108.xxx.xxx

2022-06-28 18:29:30 UTC



Arild Toft

Board of Directors

On behalf of: Norchem AS

Serial number: 9578-5993-4-2128467

IP: 62.92.xxx.xxx

2022-06-29 07:19:04 UTC



Peter Hald Appel

Board of Directors

On behalf of: Norchem AS

Serial number: PID:9208-2002-2-255432484231

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Henrik Reedtz

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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2022-06-30 09:28:38 UTC

NEM ID 

Peter Hald Appel

Chairman

On behalf of: Norchem AS

Serial number: PID:9208-2002-2-255432484231

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