

Monjasa A/S

Strevelinsvej 34
7000 Fredericia
CVR No 26480531

Annual report 2021

The Annual General Meeting adopted the
annual report on 06.05.2022

Rasmus Ravnholdt Knudsen

Chairman of the General Meeting

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Entity details

Entity

Monjasa A/S
Strevelinsvej 34
7000 Fredericia

Business Registration No: 26480531
Registered office: Fredericia
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Anders Østergaard, CEO
Svend Stenberg Mølholt, COO
Rasmus Ravnholdt Knudsen, CFO

Executive Board

Svend Stenberg Mølholt, COO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Monjasa A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 06.05.2022

Executive Board

Svend Stenberg Mølholt

COO

Board of Directors

Anders Østergaard
CEO

Svend Stenberg Mølholt
COO

Rasmus Ravnholdt Knudsen
CFO

Independent auditor's report

To the shareholder of Monjasa A/S

Opinion

We have audited the financial statements of Monjasa A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 06.05.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No 33963556

Lars Siggaard Hansen

State Authorised Public Accountant
Identification No (MNE) mne32208

Muhammad Ismaeel Rasul

State Authorised Public Accountant
Identification No (MNE) mne46641

Management commentary

Financial highlights

	2021 USD'000	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000
Key figures					
Revenue	744,123	580,052	674,700	642,269	457,250
Gross profit/loss	15,379	15,063	13,173	6,524	2,044
Operating profit/loss	3,156	3,507	2,617	(3,792)	(7,917)
Net financials	1,041	(388)	(2,470)	(5,075)	(910)
Profit/loss for the year	3,051	2,346	(2,693)	(6,915)	(6,359)
Total assets	99,172	78,955	118,702	134,285	84,053
Investments in property, plant and equipment	221	273	142	450	21
Equity	32,791	36,741	24,405	27,098	12,013
Ratios					
Gross margin (%)	2.07	2.60	1.95	1.02	0.45
EBIT margin (%)	0.42	0.60	0.39	(0.59)	(1.73)
Return on equity (%)	8.78	7.67	(10.46)	(35.36)	41.86
Equity ratio (%)	33.06	46.53	20.56	20.18	14.29

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

The main activity of the Company comprises sale, purchase, and transportation of oil products primarily for the maritime industry. Monjasa focuses on providing value-added services such as in-depth product knowledge, geographical knowledge, granting of fuel credit and issuing technical and commercial advice.

Development in activities and finances

Monjasa operations (EBIT) reached USD 3m in 2021 (2020: USD 4m). The Company experienced continued and further demand for marine services and products.

The net result after tax for 2021 amounts to USD 3m (2020: USD 2m), which is considered positive and above expectations set in the Annual Report 2020.

Overall, Management expresses satisfaction with the set of results.

Profit/loss for the year in relation to expected developments

Despite decrease in volumes, total revenue from the bunker oil activity increased in 2021, as a result of a higher average oil price.

Uncertainty relating to recognition and measurement

Trade receivables are recognized at amortized cost less provisions for bad and doubtful debts. Provisions are made for assessed probable losses as well as on a general level. The receivables in the balance sheet are not insured in full and residual risk hence exists.

Management assesses that there are no further items in the financial statement which are subject to uncertainty that may have significant impact on results, and therefore, on the true and fair view.

Unusual circumstances affecting recognition and measurement

The Company's financial position at 31 December 2021 as well as the results of the Company's operations for the financial year 2021 are not affected by any unusual circumstances.

Outlook

With geopolitical turmoil and Covid-19 uncertainties impacting global trade in 2022, Management expects volumes to be on par with 2021 and is confident of a positive financial result, however, below the 2021 level. With focus on leading industry governance, carbon footprint transparency, compliance and quality, the business is expected to develop further and exceed the global shipping industry's increasing demands in 2022.

The 2022 expectations on financial performance are naturally subject to uncertainty and in particular in regard to the development in global shipping markets, including the continued Covid-19 pandemic, geopolitical turmoil, the world economy, exchange rates, oil prices and freight levels.

Financial resources

2021 was characterized by increasing oil activity levels and oil prices. In combination, this led to higher working capital needs, which was met by further developing the relations and facilities with existing banking partners. With adequate working capital in place, the Company holds the financial resources to meet Management's expected future demands across all markets.

With an equity ratio of 33%, Management further considers the Company to be in a solid financial position to further develop its activities.

Particular risks

Operating risks

Oil activity

The Board of Directors, and the Monjasa Compliance department are acting independently from the operational and commercial Group functions. Thereby, they continuously review and manage any developments in the operating risks associated to the Company's main business activities.

It is assessed that there are no significant uncovered risks in respect of the Company's operations. The Company likewise holds adequate insurances against potential exposures, which could occur to the Company bunker oil operations.

Market risks

The oil activity is only marginally affected by the risk of fluctuations in oil prices, as the oil products are either purchased and sold simultaneously, or otherwise hedged against fluctuations.

Financial risks

Bunker oil

USD is the primary currency applied in the bunkering and tanker activities and there are no currency risks related to exchange rates in the financial statements.

The financial risk from fluctuations in oil prices is either naturally hedged by selling and purchasing transactions happening simultaneously, or otherwise hedged against fluctuations by the use of derivatives. Monjasa considers oil price volatility a risk to be managed and an Oil Price Risk Management Policy is in place, which sets out Monjasa's commitment to efficiently hedge any oil price exposure of the Company. Monjasa evaluates the oil price exposure based on the aggregated physical inventory, purchase and sales orders as well as agreements with suppliers. On a daily basis, oil price exposure is hedged using derivatives.

Interest rate risks

Operating within the oil and shipping industry often involves extensive capital requirements, which results in financing requirements for companies with high growth. The Company's debt is primarily based on variable interest rates. Therefore, the interest rate has an influence on the Company's results. Management reassesses financing options on a concurrent basis based on a.o. the interest rate development.

Credit risks

Granting credit to counterparts represents a risk in the oil and shipping industries. Management therefore maintains a strong focus on the policies towards approval of trading partners and granting of credit lines to these.

The Company has a separate Credit department, which evaluates all new and existing trading partners in accordance with the credit policy. This includes use of client credit insurance, an updated credit rating model, access to extensive internal and external data sources and advanced Business Intelligence monitoring tools. Models and tools are being regularly updated to fit the state of the industry at all times.

Environment and sustainability and climate

We have a commitment and responsibility to ensure the sustainable future of the areas where we operate, this means we take all reasonable precautions to ensure our business activities cause minimal impact to the environment.

Intellectual capital resources

The Company depends on skilled and motivated employees who identify themselves with the purpose of the Company. The Company spends considerable resources attracting new talent, as well as developing current employees. The Company operates a flat organizational structure characterized by close and open dialogue between Management and employees.

Environmental performance**Occupational Health and Safety Management (ISO 45001:2018)**

During 2021, we obtained our ISO 45001:2018 certification. The implementation of this new standard ensures a risk-based approach that allows Monjasa to take into account the different contexts within which our operations are conducted. This has provided a platform to address risks and maximise our opportunities proactively. This transition underpins Monjasa's ongoing commitment towards ensuring the health and safety of our employees, contractors and communities.

2021 was another year of carefully managing the Covid-19 pandemic. Running our business while continuing to provide a safe workplace on- and offshore. Our offices transitioned into working from home for an extended period of time which resulted in greater focus on ergonomics, psychological hazards and maintaining connection from a distance. Our employees quickly adapted and found new ways to work safely and connect.

On board our vessels, we applied a no third party/visitor policy unless necessary and only upon completion of a health declaration form. Our crew changes were challenged by the dynamic travel restrictions and closure of borders. As a result, we had to adjust the rotations and travel journeys to ensure sufficient rest and fitness for work.

During 2021, there were no fatalities and no lost time injury incidents in the Company. We have continued to enhance our safety culture with robust incident investigation, leadership and implementation of corrective actions to address root causes and manage risks.

We continue to strengthen our safety leadership and culture by educating our employees about the importance of health and safety and being mindful of the possibility of what could go wrong.

The aim is to create a culture where it is intuitive and safe to speak up and report hazards and incidents.

During 2021, the HSEQ e-learning module was launched and made mandatory for all employees in Monjasa, we achieved 97% completion rate on Group level during first roll out and going forward the module will be an integral part of our onboarding process.

Environmental Management (ISO 14001:2015)

The purpose of this certification is to ensure we manage and minimize the impact our business activities pose to the environment.

We seek to avoid, minimize and mitigate adverse environmental impacts at every stage of our operations. However, we recognize our activities have an environmental footprint and therefore commit to deliver year on year improvements. These improvements begin by establishing our CO2 emissions carbon footprint and is

followed up by a strategy to reduce our operational emissions in line with emerging policies and regulations supporting decarbonization of shipping.

Further details on the above initiatives are published in the Monjasa Holding A/S 2021 Responsibility Report.

In 2021, the Monjasa Group delivered 5.7 million mts of marine fuels and experienced zero environmental incidents on our vessels during operation. We acknowledge that we have a responsibility towards the global environment and climate challenges and are therefore actively seeking opportunities to reduce our environmental footprint.

As part of our commitment to reduce our environmental impact, we are fully compliant with IMO 2020 and all our vessels are fueled by either Very Low Sulphur Fuel Oil (VLSFO) or Marine Gas Oil (MGO) products.

In 2021, we continued monitoring printing activity and implemented further improvements to enable digital transformation of our business. We also ensure proper waste segregation in line with local regulations or in areas where recycling was not fully supported, we instigate the implementation of it.

We have also removed the use of water bottles in our offices to support elimination of single use plastic.

Energy Management (ISO 50001:2018)

The purpose of this certification is to improve our energy use, taking control of how we consume energy and improve energy efficiency across our offices and operations.

We also contribute to green energy production by providing offshore accommodation vessels for those constructing offshore wind farms.

During 2021, we established Energy Management Teams who went on to conduct energy saving audits across the offices to identify Significant Energy Users and opportunities for improving our energy optimization of office equipment.

On Group level, we achieved an average consumption per employee of 2415.45 kWh in 2021, which was an improvement when compared to 2505.26 kWh in 2020.

Quality Management (ISO 9001:2015)

Customer feedback is important to us. It provides Monjasa a platform for managing and improving our overall business.

We strive to ensure that our customers are satisfied, and that, should any deviations occur, appropriate action is taken. Monjasa issues Customer Satisfaction Surveys after each delivery in our physical set up across the Americas, Northwest Europe, West Africa and the Middle East.

The supplier Code of Conduct was updated in 2021 to reflect our responsibility policy and commitment across our operations.

The Supplier evaluation process was also reviewed to equip Traders with the necessary information on all our frequently used suppliers, allowing them to make risk based decisions in our day-to-day activities.

During 2021, we delivered 1.5 million mts on our physical setup and completed a total of 4,438 customer

satisfaction surveys across the Group. A total of 4,399 were satisfied and 39 were justified dissatisfied surveys after investigations. Our 2021 Group Customer Satisfaction rating was 99.12% which is a slight improvement from the 2020 rate of 99.06%.

Statutory report on corporate social responsibility

With reference to the Monjasa Holding A/S' consolidated statement for corporate social responsibility according to Danish Financial Statements Act section 99a sub-clause 8.

Statutory report on the underrepresented gender

Monjasa is committed to providing equal opportunities at the workplace – we recruit and promote employees based solely on merit rather than focusing on gender equality.

The female composition of employees in the organization was 45% in 2021 compared to 43% in 2020. The female representation of managers was 40% in 2021 compared to 27% in 2020. While we are aware that the gender composition at manager levels is disproportionate relative to our overall employee gender ratio, we remain steadfast in our view that the most competent and suitable candidates have been selected for the job.

Reference is made to the statement of corporate social responsibility, which is included in the consolidated financial statements of Monjasa Holding A/S, which has included the statement and where this has been published.

Events after the balance sheet date

Management follows the development of the current Covid-19 pandemic closely and the impact on our business and employees. We are following local authority guidelines throughout the world and adjusting our daily work and routines accordingly.

As of signing of this annual report, we have not experienced any material impact on our business or financial performance, however, Management acknowledges increased uncertainty related to the geopolitical situation arising from the Russian/Ukrainian war, continued global trade volumes, flows and supplies, which may affect our activity level as the situation develops. Furthermore, we have not seen any material negative development in our customers' ability to pay or changes to our financing.

Income statement for 2021

	Notes	2021 USD'000	2020 USD '000
Revenue	2	744,123	580,052
Other operating income		6,727	6,521
Cost of sales		(730,198)	(565,098)
Other external expenses	3	(5,273)	(6,412)
Gross profit/loss		15,379	15,063
Staff costs	4	(10,796)	(10,222)
Depreciation, amortisation and impairment losses	5	(1,427)	(1,334)
Operating profit/loss		3,156	3,507
Other financial income	6	2,101	4,767
Other financial expenses	7	(1,060)	(5,155)
Profit/loss before tax		4,197	3,119
Tax on profit/loss for the year	8	(1,146)	(773)
Profit/loss for the year	9	3,051	2,346

Balance sheet at 31.12.2021

Assets

	Notes	2021 USD'000	2020 USD'000
Acquired licences		3,554	3,159
Intangible assets	10	3,554	3,159
Land and buildings		1,094	1,115
Other fixtures and fittings, tools and equipment		512	466
Leasehold improvements		95	126
Property, plant and equipment	11	1,701	1,707
Other investments		345	243
Deposits		531	1,383
Financial assets	12	876	1,626
Fixed assets		6,131	6,492
Raw materials and consumables		6,114	6,078
Inventories		6,114	6,078
Trade receivables		56,727	53,563
Receivables from group enterprises		20,544	1,398
Deferred tax	13	2,916	1,905
Other receivables		4,458	1,143
Prepayments	14	418	7,808
Receivables		85,063	65,817
Cash		1,864	568
Current assets		93,041	72,463
Assets		99,172	78,955

Equity and liabilities

	Notes	2021 USD'000	2020 USD'000
Contributed capital	15	68	68
Retained earnings		26,723	29,673
Proposed dividend		6,000	7,000
Equity		32,791	36,741
Other payables	16	783	895
Non-current liabilities other than provisions	17	783	895
Bank loans		14,740	2,021
Trade payables		20,264	12,570
Payables to group enterprises		20,331	17,331
Tax payable		9,463	7,899
Other payables		800	1,498
Current liabilities other than provisions		65,598	41,319
Liabilities other than provisions		66,381	42,214
Equity and liabilities		99,172	78,955
Events after the balance sheet date	1		
Financial instruments	18		
Unrecognised rental and lease commitments	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
Non-arm's length related party transactions	23		
Group relations	24		

Statement of changes in equity for 2021

	Contributed capital USD'000	Retained earnings USD'000	Proposed dividend USD'000	Total USD'000
Equity beginning of year	68	29,673	7,000	36,741
Ordinary dividend paid	0	0	(7,000)	(7,000)
Profit/loss for the year	0	(2,949)	6,000	3,051
Equity end of year	68	26,723	6,000	32,791

Notes

1 Events after the balance sheet date

As of signing of this annual report, we have not experienced any material impact on our business or financial performance, however, Management acknowledges increased uncertainty related to the geopolitical situation arising from the Russian/Ukrainian war, continued global trade volumes, flows and supplies, which may affect our activity level as the situation develops. Furthermore, we have not seen any material negative development in our customers' ability to pay or changes to our financing.

2 Revenue

The Company's activities are perceived as one segment.

3 Fees to the auditor appointed by the Annual General Meeting

	2021 USD'000	2020 USD'000
Statutory audit services	79	73
Tax services	83	92
Other services	3	0
	165	165

4 Staff costs

	2021 USD'000	2020 USD'000
Wages and salaries	9,946	9,467
Pension costs	737	664
Other social security costs	113	91
	10,796	10,222
Average number of full-time employees	96	94

Remuneration of management is omitted in pursuance of the Danish Financial Statements Act section 96 (b), subsection 3, as only one management person receives remuneration.

5 Depreciation, amortisation and impairment losses

	2021 USD'000	2020 USD'000
Amortisation of intangible assets	1,237	1,089
Depreciation of property, plant and equipment	190	245
	1,427	1,334

6 Other financial income

	2021	2020
	USD'000	USD'000
Financial income from group enterprises	114	214
Other interest income	41	141
Exchange rate adjustments	837	847
Other financial income	1,109	3,565
	2,101	4,767

7 Other financial expenses

	2021	2020
	USD'000	USD'000
Financial expenses from group enterprises	87	751
Other interest expenses	433	369
Exchange rate adjustments	297	1,618
Other financial expenses	243	2,417
	1,060	5,155

8 Tax on profit/loss for the year

	2021	2020
	USD'000	USD'000
Current tax	2,220	254
Change in deferred tax	(1,074)	449
Adjustment concerning previous years	0	70
	1,146	773

9 Proposed distribution of profit and loss

	2021	2020
	USD'000	USD'000
Ordinary dividend for the financial year	6,000	7,000
Retained earnings	(2,949)	(4,654)
	3,051	2,346

10 Intangible assets

	Acquired licences USD'000
Cost beginning of year	8,497
Additions	1,631
Cost end of year	10,128
Amortisation and impairment losses beginning of year	(5,337)
Amortisation for the year	(1,237)
Amortisation and impairment losses end of year	(6,574)
Carrying amount end of year	3,554

11 Property, plant and equipment

	Land and buildings USD'000	Other fixtures and fittings, tools and equipment USD'000	Leasehold improvements USD'000
Cost beginning of year	1,395	4,015	1,102
Additions	0	221	0
Disposals	0	(779)	(113)
Cost end of year	1,395	3,457	989
Depreciation and impairment losses beginning of year	(281)	(3,551)	(976)
Depreciation for the year	(20)	(135)	(31)
Reversal regarding disposals	0	741	113
Depreciation and impairment losses end of year	(301)	(2,945)	(894)
Carrying amount end of year	1,094	512	95

12 Financial assets

	Other investments USD'000	Deposits USD'000
Cost beginning of year	243	1,383
Additions	102	0
Disposals	0	(852)
Cost end of year	345	531
Carrying amount end of year	345	531

13 Deferred tax

	2021 USD'000	2020 USD'000
Changes during the year		
Beginning of year	1,905	2,538
Recognised in the income statement	1,074	(449)
Other changes	(63)	(184)
End of year	2,916	1,905

Deferred tax assets

Deferred tax is relating to losses carry forwarded, intangible assets, tangible assets and derivative financial instruments.

14 Prepayments

Prepayments comprises prepaid costs relating to subsequent financial years as freight , insurance etc.

15 Share capital

	Number	Par value USD'000	Nominal value USD'000
Shares	578,431	0,12	68
	578,431		68

The share capital is registrered as DKK 578,431.

There has not been changes to the contributed capital in the last 5 years.

16 Other payables

	2021 USD'000	2020 USD'000
Holiday pay obligation	783	895
	783	895

17 Non-current liabilities other than provisions

	Due after more than 12 months 2021 USD'000
Other payables	783
	783

18 Financial instruments

The Company has entered into derivative financial instruments used for fair value hedging of inventory and fair value hedging of firm commitments.

In October 2021, all derivative activities have been transferred from Monjasa A/S to a group affiliate. Hence, the derivative transactions from October 2021 and onwards are considered as intercompany transactions in the Monjasa A/S financial statements. The net value of open intercompany derivatives at 31 December 2021 is presented within other receivables in the financial statements.

Derivatives used for fair value hedging of inventory

Derivatives maturing within 0-3 months with a net volume of -5 MTS'000 amount to USD -621t at 31 December 2021 (2020: USD -1,054t).

Derivatives used for fair value hedging

Derivatives maturing within 0-3 months with a net volume of -1 MTS'000 amount to USD 146t at 31 December 2021 (2020: USD 389t).

Derivatives maturing within 3-15 months with a net volume of 1 MTS'000 amount to USD 277t at 31 December 2021 (2020: USD 890t).

Firm commitments

Firm commitments effectually hedge with derivatives with a net volume of 74 MTS'000 amount to USD 1,327t at 31 December 2021 (2020: USD 1,192t).

The Company has no unhedged firm commitments.

19 Unrecognised rental and lease commitments

	2021	2020
	USD'000	USD'000
Liabilities under rental or lease agreements until maturity in total	15,801	9,814
Liabilities under rental agreements or leases with group enterprises until expiry	4,365	4,283

20 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Endeavour Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities.

21 Assets charged and collateral

The Company has issued a guarantee for the debt to financial institutions, which at 31 December 2021 amounts to USD 14.7m (2020: USD 2m).

The guarantee consist of the following collaterals: receivables, inventory and floating charge.

Collateral provided for group enterprises

The Company has issued a guarantee for the debt to financial institutions of the group enterprise Monjasa Holding A/S, which at 31 December 2021 amounts to USD 18m (2020: USD 20m).

22 Related parties with controlling interest

Controlling interest

Endeavour Invest ApS, Fredericia, Denmark, controlling shareholder (ultimate)

Monjasa Holding A/S, Fredericia, Denmark, controlling shareholder

Downstream Holding A/S, Fredericia, Denmark, immediate controlling shareholder

Other related parties

Anders Østergaard, Chairman of the Supervisory Board

Rasmus Ravnholdt Knudsen, member of the Supervisory Board

Svend Stenberg Mølholt, member of the Supervisory Board

Endeavour Invest ApS and related companies

23 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Endeavour Invest ApS, Fredericia

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Monjasa Holding A/S, Fredericia

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

The functional and presentation currency is USD with the applied exchange rate for 2021: 6.29 (2020: 6.53).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability or a firm commitment are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability. Firm commitments are confirmed sales contracts for delivery of oil at a predefined volume, port, period and price.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the Danish Parent company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Software is measured at cost less any accumulated amortisation and impairment losses or at a lower recoverable amount.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Acquired licenses are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	2-8 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise unlisted securities and deposits which are measured at cost at the balance sheet date.

Inventories

Inventories are measured at the lower of cost using the weighted average and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

Cash flow statement has been omitted in pursuance of the Danish Financial Statements Act section 86, subsection 4. Cash flows are included in the Consolidated Cash Flow Statement for Monjasa Holding A/S, Business Registration No. 33 15 07 09.