Monjasa A/S

Strevelinsvej 34 7000 Fredericia CVR No. 26480531

Annual report 2020

The Annual General Meeting adopted the annual report on 29.04.2021

Chairman of the General Meeting

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Monjasa A/S | Entity details

Entity details

Entity

Monjasa A/S Strevelinsvej 34 7000 Fredericia

CVR No.: 26480531

Registered office: Fredericia

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Anders Østergaard Svend Stenberg Mølholt Rasmus Ravnholdt Knudsen

Executive Board

Mikkel Lindvig Kannegaard

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 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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.

Fredericia, 29.04.2021

Executive Board

Mikkel Lindvig Kannegaard

Board of Directors

Anders Østergaard

Svend Stenberg Mølholt

Rasmus Ravnholdt Knudsen

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 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 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 of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, 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.

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, 29.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab CVR No. 33963556

Kåre Kansonen Valtersdorf

State Authorised Public Accountant Identification No (MNE) mne34490

Management commentary

Financial highlights

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	USD'000	USD'000
Key figures					
Revenue	580,052	674,700	642,269	457,250	434,324
Gross profit/loss	15,063	13,173	6,524	2,044	8
Operating profit/loss	3,507	2,607	(3,792)	(7,917)	(12,977)
Net financials	(388)	(2,470)	(5,075)	(910)	(3,364)
Profit/loss for the year	2,346	(2,693)	(6,915)	(6,359)	(13,293)
Total assets	78,954	118,702	134,285	84,053	83,036
Investments in property, plant and equipment	273	142	450	21	344
Equity	36,741	24,405	27,098	12,013	18,372
Ratios					
Gross margin (%)	2.60	1.95	1.02	0.45	0.00
EBIT margin (%)	0.60	0.39	(0.59)	(1.73)	(2.99)
Return on equity (%)	7.67	(10.46)	(35.36)	(41.86)	(37.96)
Equity ratio (%)	46.53	20.56	20.18	14.29	22.13

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

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

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 4m in 2020 (2019: USD 3m). The operating result was positively impacted by increasing volumes and extensive operational preparations to match supply and demand in connection with the shipping industry's transition towards more environmentally friendly marine fuels effective by 1 January 2020.

The net result after tax for 2020 amounts to USD 2m (2019: USD -3m), which is considered positive and above expectations set in the Annual Report 2019. The net result reflects Monjasa's extensive preparations for IMO 2020 leading to a greater demand for services and products.

Overall, Management expresses satisfaction with the set of results.

Profit/loss for the year in relation to expected developments

Total revenue from the bunker oil activity decreased in 2020, as a result of a lower average oil price in combination with in increased volume sold, however competition remained strong in some of the main markets.

Uncertainty relating to recognition and measurement

Trade receivables are recognised at amortised 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 2020 as well as the results of the Company's operations for the financial year 2020 are not affected by any unusual circumstances.

Outlook

With the IMO 2020 transition fully implemented, markets should present a more balanced global supply and demand of marine fuels. The global trade uncertainties caused by Covid-19 impact global economy developments and flows, which is likely to change trading patterns and demand for oil. The extent to which this will impact Monjasa remains to be seen.

With focus on leading industry governance, compliance and quality, the business is expected to develop further and exceed global shipping industry's increasing demands.

Combining the expected steady volume across the oil business activities, Management expects the company's financial year 2021 to conclude with a positive result below the 2020 level.

The 2021 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, the world economy, exchange rates, oil prices and freight levels.

Financial resources

2020 was characterised by increasing oil activity levels and an outlook to a shifting customer demand towards new and higher priced fuel types. 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 46%, Management further considers the Group 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 Group functions. Thereby, they continuously review and manage any developments in the overall operating risks associated to the Company's main business activities.

It is assessed that there are no sizeable 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 Group.

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 Group's debt is primarily based on variable interest rates. Therefore, the interest rate has an influence on the Group'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.

No material changes in 2020 realised on loss on debtors compared to previous years.

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

Development in the Company leads to an increasing need for competent employees and a flexible organisation. Therefore, the Company spends increased resources towards attracting new talented employees and on retaining and training current ones. The Company operates a flat organisational structure characterised by close and open dialogue between Management and employees.

Environmental performance

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.

We aim to reduce our environmental footprint by implementing practical and sustainable solutions.

Our environmental impacts include, but are not limited potential oil spill during our bunkering operations and CO2 emissions during both office and operational environment. We have implemented bunker fuel and electricity consumption monitoring through ship energy efficient management plans and quarterly HSEQ reporting, establishing a baseline which will allow us to measure the effectiveness of initiatives during 2021.

In 2020, the Company experienced zero environmental incidents during any operation. We acknowledge that we have a responsibility towards the global environment and climate challenges.

OHSAS 45001: 2018 Occupational Health and Safety Management

Monjasa has transitioned its management system from OHSAS 18001:2007 to ISO 45001:2018. This transition ratifies Monjasa's ongoing commitment towards ensuring the health and safety of our employees, contractors and communities.

The purpose of this certification is to ensure sound management of health and safety risks posed to our employees. At the same time, we are ensuring the safety of those who work with us, creating better and safer working conditions.

2020 was a year like no other since we faced the Covid-19 pandemic, never before have we had to respond to such a significant issue, with the potential to impact on all parts of the business at the same time. This posed new challenges to continue running our business as well as to continue providing a safe workplace both onshore and offshore. Most of 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.

ISO 9001: 2015 Quality Management

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

We strive to ensure that our customers are happy, and that, should any deviations occur, appropriate action is taken. Monjasa issues Customer Satisfaction Surveys after each delivery in their physical set up.

ISO 14001: 2015 Environmental Management

The purpose of this certification is to ensure we manage and minimise the impact and harmful effects our business activities pose on the environment.

ISO 50001: 2018 Energy Management

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 seek to avoid, minimise and mitigate adverse environmental impacts at every stage of our operations. However, we recognise 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 decarbonisation of shipping.

Further details on the above initiatives are published in the Monjasa Holding A/S 2020 Responsibility Report.

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. We take pride in having a more proportionate gender distribution in the organisation compared to the industry average.

The female composition of employees in the organisation was 43% in 2020 compared to 38% in 2019. The female representation of managers was 27% in 2020 compared to 29% in 2019. 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, 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 March 2021, we have not experienced any material impact on our business or financial performance, however, Management acknowledges increased uncertainty related to 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 2020

		2020	2019
	Notes	USD'000	USD '000
Revenue	2	580,052	674,700
Other operating income		6,521	5,105
Cost of sales		(565,098)	(658,489)
Other external expenses		(6,412)	(8,143)
Gross profit/loss		15,063	13,173
Staff costs	3	(10,222)	(9,194)
Depreciation, amortisation and impairment losses	4	(1,334)	(1,372)
Operating profit/loss		3,507	2,607
Other financial income	5	4,767	3,002
Other financial expenses	6	(5,155)	(5,472)
Profit/loss before tax		3,119	137
Tax on profit/loss for the year	7	(773)	(2,830)
Profit/loss for the year	8	2,346	(2,693)

Balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Acquired licences	110103	3,160	2,734
Intangible assets	9	3,160	2,734
Land and buildings		1,115	1,135
Other fixtures and fittings, tools and equipment		466	456
Leasehold improvements		126	170
Property, plant and equipment	10	1,707	1,761
Other investments		243	243
Deposits		1,383	1,274
Financial assets	11	1,626	1,517
Fixed assets		6,493	6,012
Raw materials and consumables		6,078	22,523
Inventories		6,078	22,523
Trade receivables		53,563	78,012
Receivables from group enterprises		1,399	3,555
Deferred tax	12	1,905	2,538
Other receivables		1,140	3,089
Prepayments	13	7,808	527
Receivables		65,815	87,721
Cash		568	2,446
Current assets		72,461	112,690
Assets		78,954	118,702

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital	14	68	68
Retained earnings		29,673	24,337
Proposed dividend		7,000	0
Equity		36,741	24,405
Other payables	15	895	317
Non-current liabilities other than provisions	16	895	317
Bank loans		2,021	16,627
Trade payables		12,570	29,347
Payables to group enterprises		17,331	46,557
Tax payable		7,899	0
Other payables		1,497	1,449
Current liabilities other than provisions		41,318	93,980
Liabilities other than provisions		42,213	94,297
Equity and liabilities		78,954	118,702
Events after the balance sheet date	1		
Financial instruments	17		
Unrecognised rental and lease commitments	18		
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Statement of changes in equity for 2020

	Contributed capital USD'000	Retained earnings USD'000	Proposed dividend USD'000	Total USD'000
Equity beginning of year	68	24,337	0	24,405
Group contributions etc	0	9,990	0	9,990
Profit/loss for the year	0	(4,654)	7,000	2,346
Equity end of year	68	29,673	7,000	36,741

Notes

1 Events after the balance sheet date

As of March 2021, Management is not aware of any material changes in the business. 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 March 2021, we have not experienced any material impact on our business or financial performance, however, Management acknowledges increased uncertainty related to 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.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Revenue

The Company's activities are perceived as one segment.

3 Staff costs

	2020 USD'000	2019 USD'000
Wages and salaries	9,467	8,528
Pension costs	664	588
Other social security costs	91	78
	10,222	9,194
Average number of full-time employees	94	89

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.

4 Depreciation, amortisation and impairment losses

	2020	2019
	USD'000	USD'000
Amortisation of intangible assets	1,089	1,024
Depreciation of property, plant and equipment	245	348
	1,334	1,372

5 Other financial income

	2020	2020 2019
	USD'000	USD'000
Financial income from group enterprises	214	38
Other interest income	141	271
Exchange rate adjustments	847	0
Other financial income	3,565	2,693
	4,767	3,002

6 Other financial expenses

	2020 USD'000	2019
		USD'000
Financial expenses from group enterprises	751	1,673
Other interest expenses	368	649
Exchange rate adjustments	1,618	76
Other financial expenses	2,418	3,074
	5,155	5,472

7 Tax on profit/loss for the year

	2020	2019
	USD'000	USD'000
Current tax	254	0
Change in deferred tax	449	2,830
Adjustment concerning previous years	70	0
	773	2,830

8 Proposed distribution of profit and loss

	2020 USD'000	2020 2019
		USD'000
Ordinary dividend for the financial year	7,000	0
Retained earnings	(4,654)	(2,693)
	2,346	(2,693)

9 Intangible assets

	Acquired licences
	USD'000
Cost beginning of year	6,982
Additions	1,516
Disposals	(1)
Cost end of year	8,497
Amortisation and impairment losses beginning of year	(4,248)
Amortisation for the year	(1,089)
Amortisation and impairment losses end of year	(5,337)
Carrying amount end of year	3,160

10 Property, plant and equipment

	Other fixtures and fittings,			
	Land and buildings USD'000	tools and equipment USD'000	Leasehold improvements USD'000	
Cost beginning of year	1,395	4,205	1,103	
Additions	0	273	0	
Disposals	0	(462)	0	
Cost end of year	1,395	4,016	1,103	
Depreciation and impairment losses beginning of year	(260)	(3,749)	(933)	
Depreciation for the year	(20)	(181)	(44)	
Reversal regarding disposals	0	380	0	
Depreciation and impairment losses end of year	(280)	(3,550)	(977)	
Carrying amount end of year	1,115	466	126	

11 Financial assets

Other		
investments	Deposits	
USD'000	USD'000	
243	1,274	
0	109	
243	1,383	
243	1,383	
	investments USD'000 243 0 243	

12 Deferred tax

	2020	2019
Changes during the year	USD'000	USD'000
Beginning of year	2,538	5,368
Recognised in the income statement	(449)	(2,830)
Other changes	(184)	0
End of year	1,905	2,538

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

13 Prepayments

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

14 Share capital

		Par value	Nominal value
	Number	USD'000	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.

15 Other payables

	2020	2019
	USD'000	USD'000
Holiday pay obligation	895	317
	895	317

16 Non-current liabilities other than provisions

To Non-current habilities other than provisions	
	Due after
	more than 12
	months
	2020
	USD'000
Other payables	895
	895

17 Financial instruments

		2020	2019
	Net volume	Net value	Net value
	MTS '000	USD '000	USD '000
Derivaties used for fair value hedging of inventory			
Derivatives maturing within 0-3 months	-21	-1,054	-925
Derivatives maturing within 0-3 months			
Derivatives maturing within 0-3 months	9	389	1,161
Derivatives maturing within 3-12 months	29	890	306
	17	225	542

Explanatory notes for firm commitments

		2020	2019
	Net volume	Net value	Net value
	MTS '000	USD '000	USD '000
Firm commitments effectually hedge with derivatives	38	1,192	1,671
	38	1,192	1,671

The Group has no unhedged firm commitments.

18 Unrecognised rental and lease commitments

	2020	2019
	USD'000	USD'000
Liabilities under rental or lease agreements until maturity in total	9,814	15,251
Liabilities under rental agreements or leases with group enterprises until	4,283	4,115
expiry		

19 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. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2020 (2019: USD 0m).

20 Assets charged and collateral

The Company has issued a guarantee for the debt to financial institutions, which at 31 December 2020 amounts to USD 5.0m (2019: USD 16.6m).

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

Collateral provided for group enterprises

The Company has issued guarantee for the debt to financial institutions of the group enterprise Monjasa Holding A/S, which at 31 December 2020 amounts to USD 20m (2019: USD 35.2m).

21 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 Mikkel Lindvig Kannegaard, Managing Director Endeavour Invest ApS and related companies

22 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.

23 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 2020: 6.53 (2019: 6.68).

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. Aquired 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.

nterest 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.