

## **Monjasa A/S**

Strevelinsvej 34  
7000 Fredericia  
CVR No. 26480531

### **Annual report 2022**

The Annual General Meeting adopted the  
annual report on 14.06.2023

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**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: 01.01.2022 - 31.12.2022

## Board of Directors

Anders Østergaard  
Rasmus Ravnholdt Knudsen  
Flemming Edvard Ipsen

## Executive Management

Rasmus Ravnholdt Knudsen

## 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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 14.06.2023

## Executive Management

**Rasmus Ravnholdt Knudsen**

## Board of Directors

**Anders Østergaard**

**Rasmus Ravnholdt Knudsen**

**Flemming Edvard Ipsen**

# 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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 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, 14.06.2023

**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

	2022	2021	2020	2019	2018
	USD'000	USD'000	USD'000	USD'000	USD'000
<b>Key figures</b>					
Revenue	1,157,387	744,123	580,052	674,700	642,269
Gross profit/loss	38,536	15,379	15,063	13,173	6,524
Operating profit/loss	34,722	3,156	3,507	2,617	(3,792)
Net financials	3,779	1,041	(388)	(2,470)	(5,075)
Profit/loss for the year	29,939	3,051	2,346	(2,693)	(6,915)
Total assets	131,226	99,172	78,955	118,702	134,285
Investments in property, plant and equipment	53	221	273	142	450
Equity	56,730	32,791	36,741	24,405	27,098
<b>Ratios</b>					
Gross margin (%)	3.33	2.07	2.60	1.95	1.02
EBIT margin (%)	3.00	0.42	0.60	0.39	(0.59)
Return on equity (%)	66.89	8.78	7.67	(10.46)	(35.36)
Equity ratio (%)	43.23	33.06	46.53	20.56	20.18

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

### Gross margin (%):

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

Revenue

### EBIT margin (%):

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

Revenue

### Return on equity (%):

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

Average equity

### Equity ratio (%):

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

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 operating profit reached USD 35m in 2022 (2021: USD 3m). The Company experienced continued and strong demand for maritime services and products.

Despite decrease in volumes, total revenue from the bunker oil activity increased in 2022, as a result of a higher average oil price.

### Profit/loss for the year in relation to expected developments

The net result after tax for 2022 amounts to USD 30m (2021: USD 3m), which is considered positive and above expectations set in the Annual Report 2021.

Overall, Management expresses satisfaction with the set of results.

### Uncertainty relating to recognition and measurement

Trade receivables are recognized at amortized cost less provisions for bad and doubtful debts. 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 statements 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 2022 as well as the results of the Company's operations for the financial year 2022 are not affected by any significant unusual circumstances.

### Outlook

By using our experience in matching supply and demand at any volatility and oil price levels, we expect another strong year for Monjasa with a positive financial result in the range of USD 5-15m.

The 2023 expectations on financial performance are naturally subject to uncertainty and in particular in regard to the development in global shipping markets, including geopolitical turmoil, the world economy, exchange rates, oil prices and freight levels.

### Risk Management

To help ensure that our risk management approach can meet the needs of the ever-changing risk environment, our compliance department engaged in workshops with Deloitte's Risk Assessment & Strategy team during 2022. Here, we identified key areas of opportunity and developed a roadmap for putting further weight behind our Group governance ambitions.

Observing and navigating across our compliance programme make such improvements possible and we have collected some of the inspiration and expected outputs from our joint collaboration.

### More qualitative processes

Risk Assessment is the process of identifying hazards across businesses, including the regulatory landscape

and organisational changes. For Monjasa to do this effectively, we need to be ahead of developments and having the willingness to adapt.

Here, the main task remains to identify current and relevant risks as well as new methods moving away from the matrix concept and adding more qualitative processes. In the end, we are developing just the right measures for our own organisation. One does not fit all - and we need to keep exploring how to make the right considerations.

### **Business understanding**

Internal controls help us mitigate risk and ensure that our objectives are achieved. For our team, it is key to understand the business in order to fully understand existing controls and how to measure effectiveness and adaptation to new risks.

### **Benchmarking against other industries**

Best industry practices may go beyond oil and shipping. We believe that gap analysis and benchmarks against other industries force active decisions and assessments of what is in place and what needs to be changed. At Monjasa, our risks are changing, the regulatory landscape is changing and we need to be on top. It therefore also felt natural to us to expand the scope and include other industries to learn from as we move forward together. With the groundwork completed and renewed inspiration on board, our attention shifts towards the implementation of a new overall compliance risk assessment model during 2023.

### **Mitigating oil price risks**

At Monjasa, we take a structured approach in hedging the exposure towards oil price volatility while allowing adequate operational flexibility to service our customers efficiently.

Exposure arises when the buying and selling prices are not fixed at the same time. This is the case for a part of our physical activities and a limited part of our reselling business. Hedging is done using financial instruments negatively correlating the value of the risk.

We have a dedicated department in place with advanced systems allowing them to continuously forecast, monitor and report the exposure from each business unit. This allows us to ensure consistent compliance with the Oil Price Risk Management Policy approved by the Board of Directors of Monjasa Holding. Hedging is performed in our sister company in Dubai, Monjasa DMCC, for the entire group, and the hedging in Monjasa A/S is therefore intercompany hedging made towards Monjasa DMCC.

### **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 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.

### **Statutory report on corporate social responsibility**

The Monjasa Holding A/S Responsibility Report 2022 represents Monjasa's compliance with the Danish Financial Statements Act, 99 (a), (b) and (d). The report is available on <https://monjasa.com/press-room/>.

**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.

While we are aware that the gender composition at manager/management levels is disproportionate 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.

The Monjasa Holding A/S Responsibility Report 2022 represents Monjasa's compliance with the Danish Financial Statements Act, 99 (a), (b) and (d). The report is available on <https://monjasa.com/press-room/>

**Events after the balance sheet date**

As of the date of signing this annual report, Management is not aware of any material changes in the business.

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 2022

	Notes	2022 USD'000	2021 USD '000
Revenue	1	1,157,387	744,123
Other operating income		269	6,727
Cost of sales		(1,110,903)	(730,198)
Other external expenses	2	(8,217)	(5,273)
<b>Gross profit/loss</b>		<b>38,536</b>	<b>15,379</b>
Staff costs	3	(3,613)	(10,796)
Depreciation, amortisation and impairment losses		(201)	(1,427)
<b>Operating profit/loss</b>		<b>34,722</b>	<b>3,156</b>
Other financial income	4	4,647	1,804
Other financial expenses	5	(868)	(763)
<b>Profit/loss before tax</b>		<b>38,501</b>	<b>4,197</b>
Tax on profit/loss for the year	6	(8,562)	(1,146)
<b>Profit/loss for the year</b>	7	<b>29,939</b>	<b>3,051</b>

# Balance sheet at 31.12.2022

## Assets

	Notes	2022 USD'000	2021 USD'000
Acquired licences		0	3,586
<b>Intangible assets</b>	8	<b>0</b>	<b>3,586</b>
Land and buildings		1,074	1,094
Other fixtures and fittings, tools and equipment		254	480
Leasehold improvements		68	95
<b>Property, plant and equipment</b>	9	<b>1,396</b>	<b>1,669</b>
Other investments		0	345
Deposits		540	531
<b>Financial assets</b>	10	<b>540</b>	<b>876</b>
<b>Fixed assets</b>		<b>1,936</b>	<b>6,131</b>
Raw materials and consumables		16,670	6,114
<b>Inventories</b>		<b>16,670</b>	<b>6,114</b>
Trade receivables		61,037	56,727
Receivables from group enterprises		46,658	20,544
Deferred tax	11	619	2,916
Other receivables		3,892	4,458
Prepayments	12	148	418
<b>Receivables</b>		<b>112,354</b>	<b>85,063</b>
<b>Cash</b>		<b>266</b>	<b>1,864</b>
<b>Current assets</b>		<b>129,290</b>	<b>93,041</b>
<b>Assets</b>		<b>131,226</b>	<b>99,172</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 USD'000</b>	<b>2021 USD'000</b>
Contributed capital	13	68	68
Retained earnings		39,662	26,723
Proposed dividend		17,000	6,000
<b>Equity</b>		<b>56,730</b>	<b>32,791</b>
Other payables	14	739	783
<b>Non-current liabilities other than provisions</b>	<b>15</b>	<b>739</b>	<b>783</b>
Bank loans		0	14,740
Trade payables		36,687	20,264
Payables to group enterprises		21,486	20,331
Tax payable		15,245	9,463
Other payables		339	800
<b>Current liabilities other than provisions</b>		<b>73,757</b>	<b>65,598</b>
<b>Liabilities other than provisions</b>		<b>74,496</b>	<b>66,381</b>
<b>Equity and liabilities</b>		<b>131,226</b>	<b>99,172</b>
Financial instruments	16		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Non-arm's length related party transactions	21		
Group relations	22		

# Statement of changes in equity for 2022

	<b>Contributed capital USD'000</b>	<b>Retained earnings USD'000</b>	<b>Proposed dividend USD'000</b>	<b>Total USD'000</b>
Equity beginning of year	68	26,723	6,000	32,791
Ordinary dividend paid	0	0	(6,000)	(6,000)
Profit/loss for the year	0	12,939	17,000	29,939
<b>Equity end of year</b>	<b>68</b>	<b>39,662</b>	<b>17,000</b>	<b>56,730</b>

# Notes

## 1 Revenue

The Company's activities are perceived as one segment.

## 2 Fees to the auditor appointed by the Annual General Meeting

	2022 USD'000	2021 USD'000
Statutory audit services	79	79
Tax services	101	83
Other services	8	3
	<b>188</b>	<b>165</b>

## 3 Staff costs

	2022 USD'000	2021 USD'000
Wages and salaries	3,322	9,946
Pension costs	244	737
Other social security costs	47	113
	<b>3,613</b>	<b>10,796</b>
Average number of full-time employees	<b>47</b>	<b>96</b>

Staff costs have decreased as a number of employees have been transferred from Monjasa A/S to Monjasa Holding A/S in 2022.

Remuneration of management is omitted in pursuance of the Danish Financial Statements Act section 98 (b), subsection 3, as only one management person receives remuneration.

The Board of Directors is remunerated in Monjasa Holding A/S.

## 4 Other financial income

	2022 USD'000	2021 USD'000
Financial income from group enterprises	194	115
Other interest income	23	41
Exchange rate adjustments	517	539
Other financial income	3,913	1,109
	<b>4,647</b>	<b>1,804</b>

## 5 Other financial expenses

	2022 USD'000	2021 USD'000
Financial expenses from group enterprises	190	87
Other interest expenses	450	433
Other financial expenses	228	243
	<b>868</b>	<b>763</b>

## 6 Tax on profit/loss for the year

	2022 USD'000	2021 USD'000
Current tax	7,267	2,220
Change in deferred tax	(1,039)	(1,074)
Adjustment concerning previous years	2,334	0
	<b>8,562</b>	<b>1,146</b>

The adjustment concerning previous years relates primarily to the reallocation of joint taxation.

## 7 Proposed distribution of profit and loss

	2022 USD'000	2021 USD'000
Ordinary dividend for the financial year	17,000	6,000
Retained earnings	12,939	(2,949)
	<b>29,939</b>	<b>3,051</b>

## 8 Intangible assets

	Acquired licences USD'000
Cost beginning of year	10,160
Disposals	(10,160)
<b>Cost end of year</b>	<b>0</b>
Amortisation and impairment losses beginning of year	(6,574)
Amortisation, depreciation and impairment losses on assets disposed of	6,574
<b>Amortisation and impairment losses end of year</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>0</b>

Acquired licenses have been sold to Monjasa Holding A/S in 2022.

## 9 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	2,778	988
Additions	0	53	0
Disposals	0	(143)	0
<b>Cost end of year</b>	<b>1,395</b>	<b>2,688</b>	<b>988</b>
Depreciation and impairment losses beginning of year	(301)	(2,299)	(893)
Depreciation for the year	(20)	(154)	(27)
Reversal regarding disposals	0	19	0
<b>Depreciation and impairment losses end of year</b>	<b>(321)</b>	<b>(2,434)</b>	<b>(920)</b>
<b>Carrying amount end of year</b>	<b>1,074</b>	<b>254</b>	<b>68</b>

## 10 Financial assets

	Other investments USD'000	Deposits USD'000
Cost beginning of year	345	531
Exchange rate adjustments	0	(28)
Additions	0	37
Disposals	(345)	0
<b>Cost end of year</b>	<b>0</b>	<b>540</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>540</b>

## 11 Deferred tax

	2022 USD'000	2021 USD'000
<b>Changes during the year</b>		
Beginning of year	2,916	1,905
Recognised in the income statement	1,039	1,074
Adjustment concerning previous years	(3,336)	(63)
<b>End of year</b>	<b>619</b>	<b>2,916</b>

### Deferred tax assets

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

## 12 Prepayments

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

### 13 Share capital

	Number	Par value USD'000	Nominal value USD'000
Shares	578,431	0,12	68
	<b>578,431</b>		<b>68</b>

The share capital is registered as DKK 578,431.

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

### 14 Other payables

	2022 USD'000	2021 USD'000
Holiday pay obligation	739	783
	<b>739</b>	<b>783</b>

### 15 Non-current liabilities other than provisions

	Due after more than 12 months 2022 USD'000
Other payables	739
	<b>739</b>

### 16 Financial instruments

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

The derivative transactions are considered as intercompany transactions in the Monjasa A/S financial statements. The net value of open intercompany derivatives at 31 December 2022 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 -16 MTS'000 amount to USD -192t at 31 December 2022 (2021: USD -621t).

#### Derivatives used for fair value hedging

Derivatives maturing within 0-3 months with a net volume of 26 MTS'000 amount to USD 233t at 31 December 2022 (2021: USD 146t).

Derivatives maturing within 3-12 months with a net volume of 17 MTS'000 amount to USD -45t at 31 December 2022 (2021: USD 277t).

#### Firm commitments

The Company has no unhedged firm commitments.

### 17 Unrecognised rental and lease commitments

	2022 USD'000	2021 USD'000
Liabilities under rental or lease agreements until maturity in total	7,876	15,801
Liabilities under rental agreements or leases with group enterprises until expiry	4,255	4,365

### 18 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.

### 19 Assets charged and collateral

The Company has issued guarantees towards financial institutions in respect of loans which amount to USD 0.0m at the balance sheet date (2021: USD 14.7m)

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

#### Collateral provided for group enterprises

The Company has issued a gurantee for the debt to financial institutions of the parent company, Monjasa Holding A/S, in respect of loans which amount to USD 21.5m (2021: USD 20.3m).

## 20 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 Board of Directors

Rasmus Ravnholdt Knudsen, member of the Board of Directors

Flemming Ipsen, member of the Board of Directors

Endeavour Invest ApS and related companies

## 21 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.

## 22 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 2022: 6.97 (2021: 6.29).

## 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 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 comprise interest, realised and unrealised exchange adjustments, as well as extra payments and repayment under the on-account taxation scheme, and settlements of and unrealised fair value adjustments from derivatives, hedge oil inventories and firm commitments.

### 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

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.

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:

	<b>Useful life</b>
Buildings	2-8 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

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 under the weighted average method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion.

The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum. The cost price of inventories whose fair value is effectively hedged from derivative financial instruments is adjusted for the change in fair value attributable to the hedged risk.

The cost of goods for resale, raw materials and consumables equals landed cost.

### 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.