# Endeavour Invest ApS

Strevelinsvej 34
7000 Fredericia
CVR No. 27309224

## Annual report 2021

The Annual General Meeting adopted the annual report on 17.06.2022

**Anders Østergaard**
Chairman of the General Meeting

# Contents

# Entity details

## Entity

Endeavour Invest ApS

Strevelinsvej 34

7000 Fredericia

Business Registration No.: 27309224

Registered office: Fredericia

Financial year: 01.01.2021 - 31.12.2021

## Executive Board

Anders Østergaard

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

# Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Endeavour Invest ApS for the financial year 01.01.2021 - 31.12.2021.

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

In my opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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

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

Fredericia, 17.06.2022

**Executive Board**

**Anders Østergaard**

# Independent auditor's report

**To the shareholder of Endeavour Invest ApS**

## Opinion

We have audited the consolidated financial statements and the parent financial statements of Endeavour Invest ApS 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows 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 consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the 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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 17.06.2022

**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 | 3,228,857 | 1,950,886 | 2,191,082 | 2,073,229 | 496,650 |
| Gross profit/loss | 86,213 | 94,222 | 93,630 | 49,073 | 21,128 |
| Operating profit/loss | 28,521 | 35,002 | 36,000 | 8,311 | 4,578 |
| Net financials | (5,180) | (4,318) | (3,201) | (3,737) | 4,871 |
| Profit/loss for the year | 20,325 | 29,946 | 27,423 | 6,768 | 11,324 |
| Balance sheet total | 495,402 | 333,556 | 469,099 | 414,162 | 338,231 |
| Investments in property, plant and equipment | 13,264 | 9,686 | 20,180 | 8,424 | 122,137 |
| Equity | 157,371 | 136,498 | 106,393 | 79,429 | 74,272 |
| Equity excl. minority interests | 156,148 | 135,328 | 105,059 | 79,429 | 74,272 |
| Cash flows from operating activities | 11,969 | 80,016 | (15,640) | (12,041) | (6,626) |
| Cash flows from investing activities | (13,038) | (10,617) | (19,938) | (1,657) | (28,217) |
| Cash flows from financing activities | 34,202 | (80,836) | 38,053 | 12,839 | 54,211 |
| Average number of employees | 571 | 511 | 504 | 456 | 635 |
| | | | | | |
| **Ratios** | | | | | |
| Gross margin (%) | 2.67 | 4.83 | 4.27 | 2.37 | 4.30 |
| Net margin (%) | 0.63 | 1.53 | 1.25 | 0.33 | 2.30 |
| Return on equity (%) | 13.90 | 24.90 | 29.70 | 8.80 | 16.80 |
| Equity ratio (%) | 31.52 | 40.57 | 22.40 | 19.18 | 21.96 |

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

**Net margin (%):**
Profit/loss for the year * 100
Revenue

**Return on equity (%):**
Profit/loss for the year excl. minority interest * 100
Average equity excl. minority interest

**Equity ratio (%):**
Equity excl. minority interests * 100
Balance sheet total

## Primary activities

Endeavour Invest ApS consists of two separate groups, Monjasa Group and Multiple Holding Group, each with their own independent management and decision-making authority.

The main activities in the Monjasa Group are bunker oil trading, tanker operation, chartering of accommodation vessels to the offshore wind industry and IT activities with focus on ERP solutions to a broad spectrum of industries. The main activity in Multiple Holding Group is to invest in subsidiaries and associated companies with various, minor activities.

## Development in activities and finances

In a year of continued turmoil in global trade, Group operations (EBIT) generated a result of USD 29m (2020: USD 35m) and a net result after tax of USD 20m (2020: USD 30m).

The Group experienced continued and further demand for marine services and products, which led the Group to increase volumes by 16 percent to a total of 5.7m metric tonnes (mts) in 2021.

By 31 December 2021, consolidated Group equity amounts to USD 157m (2020: USD 136m), resulting in a return on equity of 14% in 2021 (2020: 25%).

Overall, Management expresses satisfaction with the strong set of results.

### Monjasa Group

The Group consists of several separate legal entities, each with their own management and decision-making authority.

The Group has an independent Board of Directors, who sets the overall direction in dialogue with management. This is consequently implemented through day-to-day management carried out in each Group entity.

Overall, the Group is divided into four main activities: oil trading, tanker operation, offshore wind and IT activities. The oil activity comprises worldwide trading and supply of oil products primarily for the maritime sector. The oil products are sold in various grades and are delivered across ports and offshore locations world-wide. In a global commodities' market, Monjasa focuses on providing value-added services through industry leading HSEQ and compliance standards and thereby satisfying an increasing customer demand for technical and commercial advice.

The tanker vessel activity includes several ship owning companies and is linked to the bunker oil operations within the Group. Thereby, securing all tanker vessels' employment within the Group's oil supply and transport activities.

The offshore wind activity consists of owning and chartering out the current Service Operation Vessel, Wind Innovation, for the offshore wind industry and related offshore activities.

The IT activities focus on ERP solutions, delivered through consultancy, IT infrastructure and Power BI. These solutions are delivered to customers within the e.g. retail sector, maritime sector and insurance sector.

### Oil activity

In 2021, Monjasa continued to see positive developments across most markets and leveraged on years of building strong relations to customers and suppliers.

As a result and with the aim to actively participate in creating transparency throughout the value chain of global trade, Monjasa now provides customers insight to the environmental impact of the marine fuels we deliver as part of delivering the Group's first complete carbon accounts.

Monjasa continued to experience a high demand across the Americas and at the same time expanded our position in the Middle East markets with solid growth rates. Across the Group, these positive developments contributed to a total volume increase by 16% to 5.7m mts (2020: 4.9m mts).

Closely linked to the Group's oil activities, the tanker fleet increased to 22 vessels (2020: 20 vessels), maintaining its support to operations. During the year, fleet logistics were further optimised to enable the increasing volumes across all markets.

At the end of 2021, the Group's oil inventory amounted to USD 44m (2020: USD 42m), reflecting inventory levels in line with 2020 and a Brent oil price approx. USD 28 per barrel above end 2020 levels.

**Tanker vessel activity**
In 2021, the tanker vessel activity consisted of shipowning companies closely linked to the Group's oil activities by catering for the transport requirements.

During 2021, one additional vessel was purchased to secure the right tonnage for the Group's expanding oil activities.

Having the fleet composed by one additional fully-controlled vessel is in line with management aspirations of having around 50% of the fleet composed by owned tonnage.

As of 31 December 2021, ten of the tanker vessels were operated on time charter agreements while the remaining 12 vessels were owned by the Group (2020: 11 vessels). Looking ahead, it continues to remain a priority to have the fleet composed by the right mix of chartered and owned tankers to ensure customer flexibility and the end-to-end supply ownership that is becoming increasingly important in our markets.

In 2014, the Danish tax authorities introduced a new interpretation of existing law, which in effect prevented Monjasa from using the previously adopted tonnage tax regime. The Group does not agree with the opinion of the Danish tax authorities, and therefore the Group has disputed their opinion.

Despite the National Tax Tribunal favouring Monjasa in November 2019, the tax authorities have filed an appeal in February 2020. The definite ruling from the court of first instance is expected in 2022.

**Offshore wind activity**
The primary offshore wind activity remains to be shipowning and chartering of SOVs to operators and energy companies within offshore wind and related industries. With a high demand and utilisation of CBED´s vessel, Wind Innovation, the company concluded a positive year with EBIT improving compared to 2020 levels.

**IT activity**
The IT activities consist of ERP solutions, delivered by RelateIT, who at the end of 2021 consisted of six office locations in Denmark and the UAE and a total of 123 employees (2020: 105 employees) selling Business Central consultancy and development as well as IT Infrastructure and Power BI solutions. RelateIT concluded another positive year of increasing number of revenue and EBIT.

**Financial resources**
2021 was characterised 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 Group holds the financial resources to meet management's expected future demands across all markets.

With an equity ratio of 32%, management considers the Group to be in a solid financial position to further develop our activities.

### Profit/loss for the year in relation to expected developments
The results are in line with the expectations set in the Endeavour Invest ApS Annual Report 2020. For description of development in activities and finances, refer to page 9.

### Uncertainty relating to recognition and measurement
Entities within the Group are currently involved in ongoing legal matters and claims handling. None of these cases, however, have the potential to materially affect our overall financial conditions, results of operations, and cash flow.

**Trade receivables**
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.

**Receivables from associates**
The Group has recognised a receivable from an associate of USD 3.1m (2020: USD 3.0m). Uncertainty exists regarding timing of the receivable due to local restrictions on transferring cash out of the jurisdiction.

**Valuation of vessels**
In 2021, the fleet of Group-owned vessels has been assessed for impairment, which has confirmed that the respective assets in the balance sheet are valued correctly.

Uncertainties of global trade development and related effects on the maritime shipping markets exist.

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

### Unusual circumstances affecting recognition and measurement
The Group's financial position at 31 December 2021 as well as the results of the Group's operations and cash flows for the financial year 2021 are not affected by any unusual circumstances

### Outlook
**Strategy**
The main activity of the Group is to invest in subsidiaries and associated companies primarily comprising sale, purchase, and transportation of oil products for the maritime industry and chartering of accommodation vessels to the offshore wind sector. Supporting activities relate to the operation of vessels and associated activities.

**Oil activity**

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.

**Tanker vessel activity**
The business is expected to remain stable, and the operations of the year are expected to conclude at the same levels as recorded in 2021. The focus remains to service the Group's oil activity through continued optimisation of the tanker fleet.

**Offshore wind activity**
CBED is expected to remain a market leader within the offshore wind service industry and continue to experience a strong chartering demand. Consequently, the offshore wind activity expects to deliver a positive result in 2022.

**IT activity**
RelateIT will be focused on building further scale by delivering consultancy services to more customers from the same number of locations with an increased number of consultants. The further scaling of the business is expected to improve the financial result 2022 compared to 2021.

**Overall**
Combining the expected steady volume across the oil business activities and continued positive developments across other business areas, management expects the Group's financial year 2022 to conclude with a positive result below the 2021 level.

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.

**Endeavour Invest ApS**
The net result of Endeavour Invest ApS for the financial year 2022 is expected to conclude with a positive result below the 2021 level.

**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 overall operating risks associated to the Group's main business activities.

It is assessed that there are no significant uncovered risks in respect of the Group's operations. The Group likewise holds relevant insurances against potential exposures, which could incur in the Group oil activities.

**Offshore wind**
The offshore wind industry is characterised by relatively few, large energy companies operating offshore wind farms. Therefore, it may be difficult to obtain sufficient spread of customer risk, while on the other hand, these customers are typically financially solid. As the wind industry is generally favoured by state grants, the industry is to some extent exposed to potential political intervention.

**Hijacking**
The safety of personnel is the premise for all our precautions. The Group operates owned and chartered vessels in West Africa where hijacking is a risk factor. In order to minimise the risk of personal injury, as well as operating losses due to assault, the Group has implemented an anti-piracy policy which includes an extensive description of how the crew and the officers should act in case of hijacking and/or piracy.

The policy comprises measures to be taken both during and after a possible assault, and it includes practical security initiatives on board each vessel.

**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 substantially hedged against fluctuations.

**Financial risks**

**Bunker oil**
USD is the primary currency applied in the bunkering and tanker activities and there are limited 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 substantially 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 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.
As part of managing the oil price risk, Monjasa may enter into arbitrage trading, when such have a neutral impact on the oil price exposure and are profitable due to e.g. backwardation in the forward market.

**Offshore wind**
This activity is primarily settled in EUR or DKK. Management expects EUR and DKK to remain predominant currencies and the activity hence holds exchange rate risks.

**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 among other 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 Monjasa Group 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 2021 realised on loss on debtors compared to previous years.

## Use of 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.

## Knowledge resources

The Group depends on skilled and motivated employees who identify themselves with the purpose of the Monjasa Group. The Group spends considerable resources attracting new talent, as well as developing current employees.

In 2021, we prioritised the professional development of our Senior Traders in Monjasa through the launch of the Senior Trader Learning Programme. It comprises a series of learning activities to groom these professionals as subject matter experts as well as to share best practices and cross-pollinate knowledge across the organisation.

The Monjasa Academy has been conducting annual leadership workshops the past years to focus on the development of our leaders. A workshop was scheduled in December 2021 to further build on our leaders' self-awareness and embed our leadership virtues even further. However, this was postponed to 2022 due to Covid-19 measures.

This year, we also launched a digital learning platform, with the aim of providing equal access to learning opportunities. This platform offers access to Monjasa's learning content as well as content from recognised external providers. In this regard, we empower our employees to take charge of their own learning and development, creating opportunities to learn in 'the flow of work', rather than to wait for a scheduled formal learning activity. Our onboarding programme will also be increasingly digital as virtual onboarding transcends time zone barriers in our global organisation.

The Monjasa Oil and Shipping Trainee (MOST) programme, launched to attract and develop global talent who will shape the future of the Group, is running in its fourth year. We welcomed another ten trainees globally who commenced their traineeship with an intensive onboarding programme in Denmark followed by their first module of the Commercial Shipping Programme at Danish Shipping Academy.

## 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 to potential oil spills during our bunkering operations and $CO_2$ emissions for our office and operational environment. In 2021, we conducted multi-agency oil spill exercises in Panama and Portland and we have implemented bunker fuel and electricity consumption monitoring through ship energy-efficient management plans and quarterly HSEQ reporting. Furthermore, we have obtained ISO 50001:2018 certification for our offices to manage our future energy consumption and promote energy efficiency.

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 optimisation of office equipment.

An HSEQ e-learning module was launched to educate employees to use our resources efficiently and a secure printing programme also launched in 2021 to encourage our employees to print only when necessary.

### Statutory report on corporate social responsibility

As an overall report for the Monjasa Group's corporate social responsibility (CSR) has been prepared separately. Reference is made to this report for the Group's statement on corporate social responsibility located in the consolidated financial report of Monjasa Holding A/S.

### Statutory report on the underrepresented gender

As an overall report for the underrepresented gender for the Monjasa Group has been prepared separately. Reference is made to this report for the Group's report on the underrepresented gender located in the consolidated financial report of Monjasa Holding A/S.

## Events after the balance sheet date

As of signing of this annual report, 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 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.

# Consolidated income statement for 2021

| | Notes | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|---|
| Revenue | 2 | 3,228,857 | 1,950,886 |
| Other operating income | | 547 | 2,342 |
| Cost of sales | | (3,125,823) | (1,835,435) |
| Other external expenses | 3 | (17,368) | (23,571) |
| **Gross profit/loss** | | **86,213** | **94,222** |
| | | | |
| Staff costs | 4 | (48,370) | (42,772) |
| Depreciation, amortisation and impairment losses | 5 | (9,322) | (16,448) |
| **Operating profit/loss** | | **28,521** | **35,002** |
| | | | |
| Income from investments in associates | | 0 | (39) |
| Other financial income | 6 | 1,856 | 4,202 |
| Other financial expenses | 7 | (7,036) | (8,520) |
| **Profit/loss before tax** | | **23,341** | **30,645** |
| | | | |
| Tax on profit/loss for the year | 8 | (3,016) | (699) |
| **Profit/loss for the year** | 9 | **20,325** | **29,946** |

# Consolidated balance sheet at 31.12.2021

## Assets

| | Notes | 2021 USD'000 | 2020 USD'000 |
|---|---|---|---|
| Acquired intangible assets | | 29 | 29 |
| Acquired rights | | 2,431 | 2,592 |
| Goodwill | | 1,435 | 1,806 |
| **Intangible assets** | 10 | **3,895** | **4,427** |
| | | | |
| Land and buildings | | 7,847 | 5,001 |
| Ships | | 56,239 | 56,688 |
| Other fixtures and fittings, tools and equipment | | 2,855 | 2,088 |
| Leasehold improvements | | 2,166 | 1,759 |
| **Property, plant and equipment** | 11 | **69,107** | **65,536** |
| | | | |
| Investments in associates | | 0 | 4 |
| Other investments | | 346 | 243 |
| Deposits | | 1,350 | 2,170 |
| Other receivables | | 0 | 167 |
| **Financial assets** | 12 | **1,696** | **2,584** |
| | | | |
| **Fixed assets** | | **74,698** | **72,547** |
| | | | |
| Manufactured goods and goods for resale | | 43,722 | 42,266 |
| **Inventories** | | **43,722** | **42,266** |

| | | | |
|---|---|---|---|
| Trade receivables | | 309,883 | 183,523 |
| Receivables from associates | | 4,475 | 4,427 |
| Deferred tax | 13 | 2,296 | 4,360 |
| Other receivables | | 9,980 | 10,156 |
| Tax receivable | | 2,559 | 2,610 |
| Prepayments | 14 | 3,714 | 3,270 |
| **Receivables** | | **332,907** | **208,346** |
| **Cash** | | **44,075** | **10,397** |
| **Current assets** | | **420,704** | **261,009** |
| **Assets** | | **495,402** | **333,556** |

## Equity and liabilities

| | Notes | 2021 USD'000 | 2020 USD'000 |
|---|---|---|---|
| Contributed capital | | 19 | 19 |
| Retained earnings | | 156,129 | 135,309 |
| **Equity belonging to Parent's shareholders** | | **156,148** | **135,328** |
| | | | |
| **Equity belonging to minority interests** | | **1,223** | **1,170** |
| **Equity** | | **157,371** | **136,498** |
| | | | |
| Other provisions | 15 | 234 | 110 |
| **Provisions** | | **234** | **110** |
| | | | |
| Bank loans | | 21,565 | 7,280 |
| Lease liabilities | | 725 | 1,031 |
| **Non-current liabilities other than provisions** | | **22,290** | **8,311** |
| | | | |
| Bank loans | | 65,936 | 45,825 |
| Lease liabilities | | 357 | 304 |
| Prepayments received from customers | | 1,107 | 1,725 |
| Trade payables | | 224,441 | 113,958 |
| Payables to associates | | 2,155 | 2,048 |
| Tax payable | | 10,044 | 11,362 |
| Other payables | | 11,467 | 13,415 |
| **Current liabilities other than provisions** | | **315,507** | **188,637** |
| | | | |
| **Liabilities other than provisions** | | **337,797** | **196,948** |
| | | | |
| **Equity and liabilities** | | **495,402** | **333,556** |
| | | | |
| Events after the balance sheet date | 1 | | |
| Financial instruments | 17 | | |
| Unrecognised rental and lease commitments | 18 | | |
| Contingent liabilities | 19 | | |
| Assets charged and collateral | 20 | | |
| Transactions with related parties | 21 | | |
| Subsidiaries | 22 | | |

# Consolidated statement of changes in equity for 2021

| | Contributed capital USD'000 | Retained earnings USD'000 | Equity belonging to Parent's shareholders USD'000 | Equity belonging to minority interests USD'000 | Total USD'000 |
|---|---|---|---|---|---|
| Equity beginning of year | 19 | 135,309 | 135,328 | 1,170 | 136,498 |
| Exchange rate adjustments | 0 | 618 | 618 | (70) | 548 |
| Profit/loss for the year | 0 | 20,202 | 20,202 | 123 | 20,325 |
| **Equity end of year** | **19** | **156,129** | **156,148** | **1,223** | **157,371** |

# Consolidated cash flow statement for 2021

| | Notes | 2021 USD'000 | 2020 USD'000 |
|---|---|---|---|
| Operating profit/loss | | 28,521 | 35,002 |
| Amortisation, depreciation and impairment losses | | 9,322 | 16,448 |
| Working capital changes | 16 | (20,113) | 35,121 |
| Other adjustments | | 0 | (968) |
| **Cash flow from ordinary operating activities** | | **17,730** | **85,603** |
| Financial income received | | 1,124 | 2,289 |
| Financial expenses paid | | (4,735) | (6,020) |
| Taxes refunded/(paid) | | (2,150) | (1,856) |
| **Cash flows from operating activities** | | **11,969** | **80,016** |
| Acquisition etc. of intangible assets | | (1,122) | (1,459) |
| Acquisition etc. of property, plant and equipment | | (13,196) | (9,547) |
| Sale of property, plant and equipment | | 1,280 | 572 |
| Loans | | 0 | (183) |
| **Cash flows from investing activities** | | **(13,038)** | **(10,617)** |
| **Free cash flows generated from operations and investments before financing** | | **(1,069)** | **69,399** |
| Loans raised | | 34,396 | 7,280 |
| Repayments of loans etc. | | 0 | (88,429) |
| Reduction of lease commitments | | (253) | 313 |
| Change in receivables/loans to associates | | 59 | 0 |
| **Cash flows from financing activities** | | **34,202** | **(80,836)** |
| **Increase/decrease in cash and cash equivalents** | | **33,133** | **(11,437)** |

| | | |
|---|---|---|
| Cash and cash equivalents beginning of year | 10,397 | 21,394 |
| Currency translation adjustments of cash and cash equivalents | 545 | 440 |
| **Cash and cash equivalents end of year** | **44,075** | **10,397** |

Cash and cash equivalents at year-end are composed of:

| | | |
|---|---|---|
| Cash | 44,075 | 10,397 |
| **Cash and cash equivalents end of year** | **44,075** | **10,397** |

# Notes to consolidated financial statements

### 1 Events after the balance sheet date

As of signing of this annual report, 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 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

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Oil | 3,196,220 | 1,920,847 |
| Offshore wind | 10,690 | 12,644 |
| Other | 21,947 | 17,395 |
| **Total revenue by activity** | **3,228,857** | **1,950,886** |

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

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Statutory audit services | 414 | 424 |
| Tax services | 307 | 271 |
| Other services | 106 | 124 |
| | **827** | **819** |

## 4 Staff costs

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Wages and salaries | 45,946 | 40,795 |
| Pension costs | 1,875 | 1,554 |
| Other social security costs | 549 | 417 |
| Other staff costs | 0 | 6 |
| | **48,370** | **42,772** |

| | | |
|---|---|---|
| Average number of full-time employees | **571** | **511** |

According to section 98b, subsection 3 of the Danish Financial Statements Act information on management's remuneration is not disclosed.

## 5 Depreciation, amortisation and impairment losses

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Amortisation of intangible assets | 1,649 | 1,542 |
| Depreciation on property, plant and equipment | 8,471 | 7,925 |
| Impairment losses on property, plant and equipment | (798) | 6,981 |
| | **9,322** | **16,448** |

## 6 Other financial income

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Exchange rate adjustments | 732 | 1,885 |
| Other financial income | 1,124 | 2,317 |
| | **1,856** | **4,202** |

## 7 Other financial expenses

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Other interest expenses | 372 | 554 |
| Exchange rate adjustments | 2,291 | 2,464 |
| Other financial expenses | 4,373 | 5,502 |
| | **7,036** | **8,520** |

## 8 Tax on profit/loss for the year

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Current tax | 446 | 1,913 |
| Change in deferred tax | 1,428 | (1,387) |
| Adjustment concerning previous years | 1,142 | 173 |
| | **3,016** | **699** |

## 9 Proposed distribution of profit/loss

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Retained earnings | 20,202 | 29,749 |
| Minority interests' share of profit/loss | 123 | 197 |
| | **20,325** | **29,946** |

## 10 Intangible assets

| | Acquired intangible assets<br>USD'000 | Acquired rights<br>USD'000 | Goodwill<br>USD'000 |
|---|---|---|---|
| Cost beginning of year | 29 | 8,078 | 3,632 |
| Exchange rate adjustments | 0 | (9) | 2 |
| Additions | 0 | 1,122 | 0 |
| **Cost end of year** | **29** | **9,191** | **3,634** |
| Amortisation and impairment losses beginning of year | 0 | (5,486) | (1,826) |
| Exchange rate adjustments | 0 | 1 | 1 |
| Amortisation for the year | 0 | (1,275) | (374) |
| **Amortisation and impairment losses end of year** | **0** | **(6,760)** | **(2,199)** |
| **Carrying amount end of year** | **29** | **2,431** | **1,435** |

## 11 Property, plant and equipment

| | Land and buildings USD'000 | Ships USD'000 | Other fixtures and fittings, tools and equipment USD'000 | Leasehold improvements USD'000 |
|---|---|---|---|---|
| Cost beginning of year | 8,934 | 102,187 | 10,557 | 3,245 |
| Exchange rate adjustments | 0 | (3,056) | (49) | (104) |
| Additions | 3,459 | 7,396 | 1,653 | 756 |
| Disposals | 0 | 0 | (1,141) | (139) |
| **Cost end of year** | **12,393** | **106,527** | **11,020** | **3,758** |
| Depreciation and impairment losses beginning of year | (3,933) | (45,499) | (8,469) | (1,486) |
| Exchange rate adjustments | 0 | 1,241 | 1 | (9) |
| Reversal of impairment losses | 0 | 798 | 0 | 0 |
| Depreciation for the year | (613) | (6,828) | (820) | (210) |
| Reversal regarding disposals | 0 | 0 | 1,123 | 113 |
| **Depreciation and impairment losses end of year** | **(4,546)** | **(50,288)** | **(8,165)** | **(1,592)** |
| **Carrying amount end of year** | **7,847** | **56,239** | **2,855** | **2,166** |

## 12 Financial assets

| | Other investments USD'000 | Deposits USD'000 | Other receivables USD'000 |
|---|---|---|---|
| Cost beginning of year | 243 | 2,170 | 167 |
| Additions | 103 | 0 | 0 |
| Disposals | 0 | (820) | (167) |
| **Cost end of year** | **346** | **1,350** | **0** |
| **Carrying amount end of year** | **346** | **1,350** | **0** |

## 13 Deferred tax

| **Changes during the year** | 2021 USD'000 | 2020 USD'000 |
|---|---|---|
| Beginning of year | 4,360 | 3,088 |
| Recognised in the income statement | 0 | 1,387 |
| Change during the year | (1,429) | (119) |
| Adjustment concerning previous years recognised in the income statement | (442) | 0 |
| Adjustment concerning previous years | (193) | 4 |
| **End of year** | **2,296** | **4,360** |

**Deferred tax assets**

Deferred tax relates to temporary differences on intangible assets, property, plant and equipment, financial instruments and tax losses carried forward.

Recognition of deferred tax assets are based on expected future earnings within the next 3-5 years.

## 14 Prepayments

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

## 15 Other provisions

Provisions include, amongst others, the expected loss risk on pending court cases.

## 16 Changes in working capital

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Increase/decrease in inventories | (1,456) | 13,405 |
| Increase/decrease in receivables | (125,912) | 110,982 |
| Increase/decrease in trade payables etc. | 107,255 | (89,266) |
| | **(20,113)** | **35,121** |

## 17 Derivative financial instruments

**Derivatives used for fair value hedging of inventory**

Derivatives maturing within 0-3 months with a net volume of 23 MTS'000 amount to USD 338t at 31 December 2021 (2020: USD -1,054t).

**Derivatives used for fair value hedging of firm commitments**

Derivatives maturing within 0-3 months with a net volume of 16 MTS'000 amount to USD 420t at 31 December 2021 (2020: USD 389t).

Derivatives maturing within 3-12 months with a net volume of 57 MTS'000 amount to USD 1,112t 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 1,632t at 31 December 2021 (2020: USD 1,192t).

## 18 Unrecognised rental and lease commitments

The Group has assumed operating lease obligations which at 31 December 2021 amounts to USD 13.8m (2020: USD 18.3m) in the period of non-terminability of up to 84 months (2020: 89 months).

The Group has assumed charter hire obligations which at 31 December 2021 amount to USD 16.1m (2020: USD 19.9m).

## 19 Contingent liabilities

Monjasa Holding A/S has assumed joint liability for the debts and obligations of all the subsidiaries placed in The Netherlands.

The Parent and the Danish subsidiaries participate in a Danish joint taxation arrangement in which Endeavour Invest ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Parent and the Danish subsidiaries are therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

### 20 Assets charged and collateral

The company and its subsidiaries have issued guarantees towards financial institutions in respect of loans which amount to USD 84 mUSD at the balance sheet date (2020: 51 mUSD).

Collateral pledged to the financial institutions include receivables, inventories and other assets to the extend such assets are subject to the floating charges in Monjasa A/S or Monjasa Inc.

### 21 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

## 22 Subsidiaries

| | Registered in | Ownership % |
|---|---|---|
| Monjasa Holding A/S | Fredericia, Denmark | 100.00 |
| Downstream Holding A/S | Fredericia, Denmark | 100.00 |
| Monjasa A/S | Fredericia, Denmark | 100.00 |
| RelateIT Holding A/S | Fredericia, Denmark | 80.00 |
| RelateIT A/S | Odense, Denmark | 80.00 |
| RelateIT DMCC | Dubai, United Arabic Emirates | 80.00 |
| XtensionIT ApS | Odense, Denmark | 80.00 |
| Monjasa DMCC | Dubai, United Arabic Emirates | 100.00 |
| Monjasa Chartering DMCC | Dubai, United Arabic Emirates | 100.00 |
| Monjasa Chartering II DMCC | Dubai, United Arabic Emirates | 100.00 |
| Monjasa Chartering III DMCC | Dubai, United Arabic Emirates | 100.00 |
| Montec Ship Management DMCC | Dubai, United Arabic Emirates | 100.00 |
| Monjasa Marine LLC | Dubai, United Arabic Emirates | 49.00 |
| Monjasa Pte Ltd | Singapore | 100.00 |
| Monjasa S.A | Panama, Panama | 100.00 |
| Monjasa MHQ S.A | Panama, Panama | 100.00 |
| Monjasa PTY, S.A. | Panama, Panama | 100.00 |
| Monjasa S.A. de C.V. | Mexico City, Mexico | 100.00 |
| Monjasa Combustíveis Ltda | Rio de Janeiro, Brazil | 100.00 |
| Monjasa C.I.S.A.S | Bogotá D.C., Colombia | 100.00 |
| Biamark (PTY) Ltd | Windhoek, Namibia | 55.00 |

| | Registered in | Ownership % |
|---|---|---|
| Monjasa LTD | London, United Kingdom | 100.00 |
| Monjasa LTD (Gibraltar) | Gibraltar | 100.00 |
| Logistics Holding A/S | Fredericia, Denmark | 100.00 |
| African Shipping ApS | Fredericia, Denmark | 100.00 |
| Monjasa Chaser ApS | Fredericia, Denmark | 100.00 |
| Monjasa Sprinter ApS | Fredericia, Denmark | 100.00 |
| Monjasa Provider ApS | Fredericia, Denmark | 100.00 |
| Monjasa Chartering ApS | Fredericia, Denmark | 100.00 |
| Energizer Shipping ApS | Fredericia, Denmark | 100.00 |
| Monjasa Nordics ApS | Fredericia, Denmark | 100.00 |
| C-bed I ApS | Fredericia, Denmark | 100.00 |
| C-bed Holding A/S | Fredericia, Denmark | 100.00 |
| Monjasa Inc | Connecticut, USA | 100.00 |
| First Arctic A/S | Fredericia, Denmark | 100.00 |
| Multiple Holding ApS | Fredericia, Denmark | 100.00 |
| Endeavour Cells ApS | Fredericia, Denmark | 100.00 |
| AHA Livestage ApS | Fredericia, Denmark | 100.00 |
| AHA Creations ApS | Fredericia, Denmark | 100.00 |

# Parent income statement for 2021

| | Notes | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|---|
| Other operating income | | 0 | 894 |
| Other external expenses | | (38) | (190) |
| **Gross profit/loss** | | **(38)** | **704** |
| | | | |
| Staff costs | 1 | (87) | (85) |
| **Operating profit/loss** | | **(125)** | **619** |
| | | | |
| Income from investments in group enterprises | | 20,337 | 23,293 |
| Other financial income | 2 | 6 | 169 |
| Other financial expenses | 3 | (1,305) | (2,299) |
| **Profit/loss before tax** | | **18,913** | **21,782** |
| | | | |
| Tax on profit/loss for the year | 4 | 438 | 238 |
| **Profit/loss for the year** | 5 | **19,351** | **22,020** |

# Parent balance sheet at 31.12.2021

## Assets

| | Notes | 2021 USD'000 | 2020 USD'000 |
|---|---|---|---|
| Investments in group enterprises | | 156,914 | 137,948 |
| **Financial assets** | 6 | **156,914** | **137,948** |
| **Fixed assets** | | **156,914** | **137,948** |
| Receivables from group enterprises | | 506 | 173 |
| Tax receivable | | 502 | 166 |
| **Receivables** | | **1,008** | **339** |
| **Current assets** | | **1,008** | **339** |
| **Assets** | | **157,922** | **138,287** |

## Equity and liabilities

| | Notes | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|---|
| Contributed capital | | 19 | 19 |
| Reserve for net revaluation according to equity method | | 99,093 | 82,354 |
| Retained earnings | | 58,489 | 55,877 |
| **Equity** | | **157,601** | **138,250** |
| | | | |
| Trade payables | | 15 | 0 |
| Payables to group enterprises | | 282 | 4 |
| Other payables | | 24 | 33 |
| **Current liabilities other than provisions** | | **321** | **37** |
| | | | |
| **Liabilities other than provisions** | | **321** | **37** |
| | | | |
| **Equity and liabilities** | | **157,922** | **138,287** |
| | | | |
| Contingent liabilities | 7 | | |
| Related parties with controlling interest | 8 | | |
| Transactions with related parties | 9 | | |

# Parent statement of changes in equity for 2021

| | Contributed capital USD'000 | Reserve for net revaluation according to the equity method USD'000 | Retained earnings USD'000 | Total USD'000 |
|---|---|---|---|---|
| Equity beginning of year | 19 | 82,354 | 55,877 | 138,250 |
| Exchange rate adjustments | 0 | (1,098) | 1,098 | 0 |
| Dividends from group enterprises | 0 | (2,500) | 2,500 | 0 |
| Profit/loss for the year | 0 | 20,337 | (986) | 19,351 |
| **Equity end of year** | **19** | **99,093** | **58,489** | **157,601** |

# Notes to parent financial statements

## 1 Staff costs

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Wages and salaries | 81 | 79 |
| Pension costs | 6 | 6 |
| | **87** | **85** |

| | | |
|---|---|---|
| Average number of full-time employees | **1** | **1** |

## 2 Other financial income

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Financial income from group enterprises | 6 | 169 |
| | **6** | **169** |

## 3 Other financial expenses

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Financial expenses from group enterprises | 11 | 15 |
| Other interest expenses | 0 | 553 |
| Exchange rate adjustments | 1,294 | 1,731 |
| | **1,305** | **2,299** |

## 4 Tax on profit/loss for the year

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Current tax | (41) | (166) |
| Adjustment concerning previous years | (397) | (72) |
| | **(438)** | **(238)** |

## 5 Proposed distribution of profit and loss

| | 2021<br>USD'000 | 2020<br>USD'000 |
|---|---|---|
| Retained earnings | 19,351 | 22,020 |
| | **19,351** | **22,020** |

## 6 Financial assets

| | Investments in group enterprises USD'000 |
|---|---|
| Cost beginning of year | 55,594 |
| Exchange rate adjustments | (173) |
| Additions | 2,400 |
| **Cost end of year** | **57,821** |
| Revaluations beginning of year | 82,354 |
| Exchange rate adjustments | (1,098) |
| Share of profit/loss for the year | 20,337 |
| Dividend | (2,500) |
| **Revaluations end of year** | **99,093** |
| **Carrying amount end of year** | **156,914** |

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 7 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

## 8 Related parties with controlling interest

Anders Østergaard, Dubai owns all shares in the Entity, thus exercising control.

## 9 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

# 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 consolidated financial statements and parent financial statements are consistent with those applied last year.

### 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.

### Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

### Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group’s accounting policies.

Subsidiaries’ financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries’ net assets at the takeover date, with net assets having been calculated at fair value.

## 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

## Income statement

### Revenue

Revenue from oil activities, chartering and services is recognised in the income statement when the sale is considered effected based on the following criteria:
• delivery has been made before year end;
• a binding sales agreement has been made;
• the sales price has been determined and payment has been received or may with reasonable certainty be expected to be received.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

### 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 wages and salaries, 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.

**Income from investments in group enterprises**
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Income from investments in associates**
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

**Other financial income**
Other financial income comprises 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 as well as 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 as well as 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.

## Balance sheet

**Goodwill**
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisi-tions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

**Intellectual property rights etc.**
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised 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**

Building, ships and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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.

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 | 20 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |
| Leasehold improvements | 4-5 years |
| Ships | 3-15 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.

**Investments in group enterprises**

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisi-tions of investments in group enterprises.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straigth-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Investments in associates**
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are stratically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group’s involvement in the relevant entities.

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

**Other investments**
Other investments and deposits are measured at cost price.

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

**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 or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, 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.

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

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

**Cash**
Cash comprises cash in hand and bank deposits.

**Minority interests**
On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

**Other provisions**
Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation. Provisions include, amongst others, the expected loss risk on pending court cases.

**Lease liabilities**
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

**Prepayments received from customers**
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

## Cash flow statement

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

No cash flow statement has been prepared for the parent company, as the parent company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities are calculated as the net profit/loss for the year, adjusted for changes in working capital and non-cash operating items, such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets, less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records