ENDEAVOUR INVEST ApS

Strevelinsvej 34
7000 Fredericia
Central Business Registration
No 27309224

Annual report 2019

The Annual General Meeting adopted the annual report on 05.06.2020

Chairman of the General Meeting

Name: Anders Østergaard

Contents

Entity details

Entity
ENDEAVOUR INVEST ApS
Strevelinsvej 34
7000 Fredericia

Central Business Registration No (CVR): 27309224
Registered in: Fredericia
Financial year: 01.01.2019 - 31.12.2019

Executive Board
Anders Østergaard

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagens S

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of ENDEAVOUR INVEST ApS for the financial year 01.01.2019 - 31.12.2019.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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, 05.06.2019

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 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Other matterManagement'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 Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the

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

Independent auditor's report

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.

Independent auditor's report

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, 05.06.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Lars Siggaard Hansen
State Authorised Public Accountant
Identification No (MNE) mne32208

Kåre Valtersdorf
State Authorised Public Accountant
Identification No (MNE) mne34490

Management Commentary

	2019 USD'000	2018 USD'000	2017 USD'000	2016 USD'000
Financial highlights				
Key figures				
Revenue	2.191.082	2.073.229	496.650	0
Gross profit/loss	93.630	49.073	21.128	(5)
Operating profit/loss	36.000	8.311	4.578	(5)
Net financials	(3.201)	(3.737)	4.871	(12.820)
Profit/loss for the year	27.423	6.768	11.324	(12.846)
Profit/loss for the year excl minority interests	27.286	6.768	11.324	(12.846)
Total assets	469.099	414.162	338.231	60.376
Investments in property, plant and equipment	20.180	8.424	122.137	0
Equity	106.393	79.429	74.272	60.373
Equity excl minority interests	105.059	79.429	74.186	60.373
Average numbers of employees	504	456	635	0
Ratios				
Gross margin (%)	4,3	2,4	4,3	-
Net margin (%)	1,3	0,3	2,3	-
Return on equity (%)	29,6	8,8	16,8	(21,3)
Equity ratio (%)	22,4	19,2	21,9	100,0

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Endeavour Invest ApS acquired the remaining 50% shares of Monjasa Holding A/S and Multiple Holding ApS as of 30.08.2017, thus obtaining control of Monjasa Holding A/S and Multiple Holding ApS. As a consequence, the comparative figures in the profit and loss statement only include the operations from the time of acquisition. Consequently, the financial highlights include 12 months' activity in 2018 and 4 months in 2017.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	Gross profit/loss x 100 / Revenue	The entity's operating gearing.
Net margin (%)	Profit/loss for the year x 100 / Revenue	The entity's operating profitability.
Return on equity (%)	Profit/loss for the year excl minority interests x 100 / Average equity excl minority interests	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	Equity excl minority interests x 100 / Total assets	The financial strength of the entity.

Management Commentary

Primary activities

The main activity of the Monjasa Group (the Group) comprises sale, purchase, and transportation of oil products primarily for the maritime industry, chartering of accommodation vessels to the offshore wind industry and IT activities with focus on ERP solutions to a broad spectrum of industries. Supporting activities relate to the operation of vessels and associated activities.

Multiple Holding Group

The main activity in Multiple Holding Group is to invest in subsidiaries and associated companies.

Development in activities and finances

Group operations (EBIT) reached USD 36m in 2019 (2018: USD 8.3m), The Group’s operating result was positively impacted by increasing volumes and extensive operational preparations to match supply and demand in connection with the shipping industry’s transition towards more environmentally friendly marine fuels effective by 1 January 2020.

The net result after tax for 2019 amounts to USD 27.4m (2018: USD 6.8m), offset by impairment of vessels of USD 9m, which is considered very positive and above expectations set in the Endeavour Invest ApS annual report 2018. The net result reflects Monjasa’s extensive preparations for IMO 2020, resulting in a greater demand for services and products.

By 31 December 2019, consolidated Group equity amounts to USD 105.8m (2018: USD 79.4m), resulting in a return on equity of 29.6% in 2019 (2018: 8.8%).

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

Endeavour Invest ApS

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, and offshore wind, while the main activity in Multiple Holding Group is to invest in subsidiaries and associated companies with various, minor activities.

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 the dialogue with Management. This is consequently implemented through day-to-day management carried out independently by 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 worldwide. 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.

Management Commentary

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 e.g. the retail, maritime and insurance sectors.

Bunker oil activity
In 2019, Monjasa further developed its marine fuel operations across core markets and leveraged on years of extensive preparations to meet the new IMO 2020 industry quality standards.

As a result, Monjasa played an important role in fueling global trade by enabling ship owners, charterers and operators a smooth and timely transition towards more environmentally friendly marine fuels.

As an example, Monjasa continued to experience a high demand across the Americas and developed new regional supply locations accordingly. Across the Group, these positive developments saw the Group's total volume increase by 10% to 4.5m mts'000 (2018: 4.1m mts'000).

Closely linked to the Group's oil activities, the tanker fleet remained stable in 2019 with 19 vessels (2018: 20 vessels), maintaining its support to operations (see 3.2). During the year, fleet logistics were further optimised to enable the increasing volumes across all markets.

At the end of 2019, the Group's oil inventory amounted to USD 56m (2018: USD 68m), reflecting inventory levels matching operational preparations for the IMO 2020 regulation.

Tanker vessel activity
In 2019, the tanker vessel activity consisted of ship-owning companies closely linked to the Group's oil activities by catering for the transport requirements.

During 2019, a total of five vessels were purchased to secure the right tonnage for the Group's expanding oil activities. Having the fleet composed by additional fully controlled vessels is in line with Management's aspirations of having around 50% of the fleet-owned vessels.

As of 31 December 2019, ten of the tanker vessels are operated on time charter agreements, while the remaining 9 vessels are owned by the Group (2018: four vessels).

Looking ahead, it remains a priority to have the fleet composed of the right mix of chartered and owned tankers to ensure that we can offer our customers the flexibility and 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.

Management Commentary

Despite the National Tax Tribunal favouring Monjasa in November 2019, the tax authorities have filed an appeal and a date for the definitive ruling is to be set.

In line with the November 2019 court ruling, the Group has calculated corporate taxes payable and deferred tax for the Danish activities based on the statutory Danish tax rate and tonnage tax rules for ship owners in 2019.

Offshore wind activity

The primary activity of all C-bed Holding A/S companies remains ship-owning and chartering of SOVs to operators and energy companies within offshore wind and related industries. With a high demand and utilisation of C-bed's vessel, Wind Innovation, the company concluded a positive year with revenue and EBITDA improving compared to 2018 levels.

IT activity

The IT activities consist of ERP solutions, delivered by RelateIT, who at the end of 2019 consisted of five office locations in Denmark and the UAE and a total of 83 employees (2018: 59 employees) selling Business Central consultancy and development as well as IT Infrastructure and Power BI solutions. RelateIT concluded another positive year of an increasing number of customers, and revenue and EBIT on par with recent years.

Uncertainty relating to recognition and measurement

Entities within Monjasa Group are currently involved in ongoing legal matters and claims handling. None of these cases, however, have the potential of materially affecting 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 estimated probable losses as well as on a general level. The receivables in the balance sheet are not insured in full and a residual risk hence exists.

Receivables from associates

The Group has recognised a receivable from an associate of USD 4m (2018: USD 6m). Uncertainty exists regarding timing of the receivable due to local restrictions on transferring cash out of the jurisdiction.

Valuation of vessels

In 2019, the fleet of group-owned vessels has been tested for impairment and a write-down of USD 9m has been recognised.

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.

Investments in subsidiaries

Solvency is maintained at an adequate level in all subsidiaries, and therefore no further additional capital injection was required in 2019.

Management Commentary

Solvency is maintained at an adequate level in all subsidiaries. Capital contributions were processed in 2019 to strengthen the solvency of the single entities.

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.

Targets and expectations for 2020

Monjasa Group

Bunker oil activity

The 2020 net result is expected to be at the same level as in 2019 with activity levels expected to develop at a moderate growth rate. A continuation of the Group's initiatives to position Monjasa ahead of the industry curve on quality management and compliance measures is expected to further develop the business by meeting the global shipping industry's increasing demands.

Tanker vessel activity

The business is expected to remain stable, and the financial year is expected to conclude at the same levels as in 2019. The focus remains on servicing the Group's oil activity through continued optimisation of the tanker fleet.

Offshore wind activity

C-bed 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 a positive year at the level experienced in 2019.

IT activity

RelateIT will be focused on building further scale by delivering consultancy services to more customers from an additional number of locations. The further scaling of the business is expected to improve the financial year 2020 compared to 2019.

Overall

Combining the expected growing demand for quality and compliance measures across the oil activity and stable development across other business areas, Management expects the Group's financial year 2020 to conclude at the same net result level as seen in 2019.

The 2020 expectations on financial performance are naturally subject to uncertainty and in particular in regard to the development in global shipping markets, including the Covid-19 health situation (see section Change in the business), the world economy, exchange rates, oil prices and freight levels.

Multiple Holding Group

The net result of Multiple Holding Group is expected to be at a level similar to 2019.

Management commentary

Endeavour Invest ApS

The net result of Endeavour Invest ApS is expected to be at a level similar to 2019.

Financial resources

2019 was characterised by increasing oil activity levels and an outlook to a shifting customer demand towards new and higher priced fuel types. In combination, this led to higher working capital needs, which was met by the introduction of new banking partners and additional credit facilities of USD 160m in 2019. 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 22.4%, Management further considers the Group to be in a solid financial position to further develop its activities.

Particular risks

Operating risks

Bunker oil

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 with 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 occur to the Group oil activities.

Offshore wind

The offshore wind industry is characterised by a few large market players and relatively few, large energy companies. Therefore, it may be difficult to obtain sufficient spread of customer risk. 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 hedged against fluctuations.

Management commentary

Financial risks

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

The financial risk of fluctuations in oil prices is either naturally hedged by selling and purchasing transactions happening simultaneously, or otherwise hedged against fluctuations by the use of derivatives.

Monjasa considers oil price volatility a risk to be managed, and an Oil Price Risk Management Policy is in place, which sets out Monjasa's commitment to efficiently hedge any oil price exposure of the Group.

Monjasa evaluates the oil price exposure based on the aggregated physical inventory, purchase and sales orders as well as agreements with suppliers. On a daily basis, oil price exposure is hedged using derivatives.

As part of managing the oil price risk, Monjasa may enter into arbitrage trading when such has a neutral impact on the oil price exposure and is 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 e.g. the interest rate development.

Credit risks
Granting credit to counterparts represents a risk in the oil and shipping industries. Group 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 2019 realised on loss on debtors compared to previous years.

Intellectual capital resources
This only concerns Monjasa Group as there are no employees in Multiple Holding Group.

Management commentary

The Group is dependent on skilled and motivated employees who identify themselves with the purpose of the Group. The Group uses considerable resources to attract new talent and to develop our current staff.

The Monjasa Oil and Shipping Trainee (MOST) programme was launched in 2018 in order to attract and develop global talent who will shape the future of the Group. The first batch of trainees have completed their rotation in different Group offices in 2019.

With the programme running in its second year, we welcomed another six 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.

Whilst cultivating new talent, the Group also focuses on developing senior specialists who are also key engines of growth. This year, we conducted a Senior Bunker Trader workshop that sharpened competencies and facilitated further alignment of the role across the Group.

In 2019, the Monjasa Academy continued to facilitate a series of leadership workshops to empower leaders in Monjasa with leadership tools. The theme was ‘feedback’, where we expected leaders to take the lead by being role models in offering and receiving feedback, cultivating a feedback culture within the Group.

Feedback workshops were also conducted for the rest of the organisation. The purpose was to promote the personal and professional development of employees and enhance the performance of the business.

A 2020 Learning Programme was also launched by the Monjasa Academy in order to prepare our Traders and Operators globally to be prepared for any implications relating to IMO 2020.

The programme comprised of different learning activities such as webinars and e-learnings to ensure that everyone felt ready and comfortable with the game-changer in the industry.

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 spill during our bunkering operations and CO2 emissions during both office and operational environment. We have implemented bunker fuel and electricity consumption monitoring through ship energy-efficient management plans and quarterly HSEQ reporting, establishing a baseline which will allow us to measure the effectiveness of initiatives during 2020.

Management commentary

Statutory report on corporate social responsibility
This section is Endeavour Holding ApS' statement of compliance with section 99 (a) of the Danish Financial Statements Act, and regards the activities in Monjasa Holding Group.

Safety and Health
Monjasa has a strong commitment to providing a safe working environment for all our employees, contractors and communities where we operate.

Central to managing this is the ongoing cultivation of a culture that cares for each other in everything that we do. Our employees are actively encouraged to question whether a situation or task is safe to be undertaken and act accordingly if not.

Monjasa actively practices this by assessing hazards and risks in all our activities and ensuring that safety controls are effectively implemented. Our risks ranged from operational when delivering bunkers to office ergonomics included but not limited to handling mooring ropes, hose connection set up, emergency management and psychological risks.

During 2019, our focus was to create awareness among our teams of these risks and the control measures implemented to mitigate them such as training, provision of suitable equipment, inspection and maintenance regime, easy-to-follow procedures and provision of personal protective equipment (PPE).

During 2019, we recorded 27 HSEQ events that resulted in six lost working days. Appropriate investigation to identify root cause was undertaken for each event and corrective actions were effectively implemented to prevent reoccurrence. See section Occupational Health and Safety Management for further detail on our 2019 accomplishments.

Transparency and ethics
Transparency and ethics are inseparable from Monjasa's value of respect, and we strive to put this in practice in every part of our business.

Monjasa aims to eliminate, mitigate and manage risks such as bribery and corruption in all its forms, including bunker fraud, by complying with all relevant local and international legislation, particularly on trade restrictions and competition.

Monjasa addresses compliance risks and exposures through; systematic and regular monitoring, the establishment of policies and procedures, the implementation of controls, and through ongoing training of relevant staff across the Group.

Our compliance framework is revised continuously to ensure that our commitment to ethics and integrity always remains updated with regulatory developments in a business environment that is continuously becoming stricter and more challenging.

Compliance risks are one of the most serious challenges we face as a global business, however, we believe that our dedicated commitment to compliance, transparency, and ethics sets us apart from our peers and our competition.

Management commentary

In 2019, we have continued to develop and revise our Anti-Bribery and Anti-Corruption (ABAC) framework: we launched a new e-learning module which was designed and built in-house, we also revised our ABAC procedure to include specific guidance on charitable donations and political contributions, and we continued to develop and strengthen the understanding of bribery and corruption risks in our physical operations.

During the summer, 98% of staff across the Group completed our new ABAC e-learning module. Monjasa deploys the ABAC e-learning as a mandatory yearly requirement for all employees. Overall, 219.5 hours of compliance trainings were carried out across the Group this year.

Furthermore, Monjasa employees have had access to an external whistleblower line to anonymously and confidentially report concerns. This line is handled by the law firm Holst Advokater which ensures that all complaints are taken seriously and investigated independently. Monjasa's whistleblower line has been functioning adequately during 2019 and no reports were filed.

Additionally, this year we have continued to engage with the bunkering and maritime industries. We attended Maritime Anti-Corruption Network meetings in China and the UK and worked closely with the rest of MACN members towards the vision of a maritime industry free of corruption.

During autumn, Compliance also hosted a pre-MACN members meeting at our office in Copenhagen. Group COO, Svend Stenberg Mølholt, and the General Manager in Copenhagen, Mikkel Kannegard, also participated in this event. We will continue to remain active and participate in engagements with our network in 2020.

The Compliance Department also supported Monjasa's effort to ensure complete alliance with the Sulphur cap coming into force in 2020. The team conducted classroom trainings, raised awareness across the Group and optimised and developed our internal systems to ensure that from January 2020, all supplies of high sulphur fuel oil are supported by adequate documentation.

Data protection
In line with the EU General Data Protection Regulation (GDPR) that came into force in May 2018, Monjasa has taken all necessary measures to ensure compliance.

This includes establishing a data protection framework, mapping processes, reviewing contracts, and raising awareness through training and education via the GDPR portal on our intranet and relevant e-learning modules.

During 2019, we responded to two data access requests in line with requirements set out in applicable legislation. One data breach was also identified and was immediately reported to the Danish Data Protection Authority. Monjasa has further implemented measures and tools to minimise the possibility of such a breach

Diversity, working environment, equality, and human rights
Monjasa addresses questions regarding diversity, working environment, equality and human rights across the Group, to ensure any potential risks, such as discrimination, bullying, harassment, poor working conditions, or more broadly potential violations of human rights are adequately mitigated.

Management commentary

Diversity

Monjasa has a global workforce of 33 nationalities and prides itself to be a diverse workplace where we encourage the airing of different perspectives.

With our diverse skillsets, background and experiences, we enrich our own culture and challenge status quo together.

HR established 'feedback' as a theme in 2019, empowering managers and employees with feedback tools to take important dialogues about performance and development. One of the elements included spreading awareness in unconscious bias when providing feedback. Being a diverse workforce, this helps us strengthen our collaboration across the organisation.

Working environment

We place great emphasis on offering the best possible working conditions across the Group. This includes a safe and healthy environment which, in turn, has a positive impact on employees both physically and mentally.

When it comes to the health and safety of employees, we ensure consistency across the Group. This means that we ensure that the Danish working environment legislation (considered among the world's most protective) is applied on working conditions in all offices as a minimum.

Monjasa's working environment is diverse; the Group has offices, vessels, and oil terminals operating globally. The risks associated with our business vary given the geographical location of each office and/or operational facility. Each working environment has been reassessed during 2019 for its risks; this includes those which may result in man-made workplace emergency situations and natural emergency situations.

Monjasa has active working environment committees across the Group, involving a local representative and the HSEQ department. They take quarterly meetings to identify areas for improvement in the local working environment.

In addition to this, the working environment committee arranges various initiatives which allow employees to come together, spreading smile and joy.

In 2019, we conducted Employee Engagement Surveys (EES) across the Group for the fourth consecutive year. The EES encourage employees to provide their honest opinion in an anonymous manner. In 2019, we achieved a score of 8.7 out of 10 for overall satisfaction with Monjasa as a workplace compared to 8.6 in 2017 and 8.4 in 2018.

These results reflect our ability to sustain high levels of employee motivation and engagement. For the first time, our net promotor score, an indicator of employee loyalty, is rated 'world-class' on a group level. This corresponds to our relatively low staff turnover rate of 9% in 2019.

Management commentary

Equal rights
Monjasa provides equal employment and advancement opportunities to all qualified candidates and employees.

We prioritise talent and performance instead of focusing on imposing gender quotas. We focus on the benefits of diversity and how to reduce unconscious bias.

Human rights
Monjasa is deeply committed to respecting and upholding Human Rights as enshrined in the UN Declaration of Human Rights and other relevant UN documents. The UN Declaration of Human Rights and international labour laws such as ILO Conventions regarding forced or compulsory labour, as well as child labour, are a part of our CSR Policy and of our Supplier Code of Conduct.

New and existing back-to-back suppliers agree to this Code of Conduct when doing business with Monjasa. Additionally, Monjasa's counterparty screening system covers human rights violations, allowing us to identify issues and to take action proactively if any incidents are reported.

During 2019, no violations of human rights among our suppliers or other business partners were reported to Group Management.

Social responsibility
Social responsibility has been a part of the Monjasa Group's DNA since the company's inception in 2002. The main purpose is to engage with passionate people and projects that lead to social or cultural developments in the communities where Monjasa has its core markets.

Since 2018, Monjasa has engaged in various non-profit making projects – particularly focusing on children and young people. Examples of such projects include FANT (Football for A New Tomorrow) and Smile Train.

FANT is a Danish humanitarian organisation establishing and running ten amateur football clubs for youngsters in the West African country of Sierra Leone. FANT's purpose is to promote human rights, democracy and social development through its association activities.

Monjasa's collaboration with FANT consists of a three- year partnership making us main sponsors for the Hill Station Football Club in Freetown, one of FANT's in total 18 football clubs in Sierra Leone.

To us, FANT is a leading example of how sport can establish relations and break boundaries between people despite different cultures, gender, ethnicities, religion, and social hierarchy, through one common interest – football. In the coming years, Monjasa expects to further develop the collaboration with FANT.

Smile Train empowers local medical professionals with training, funding, and resources to provide 100%-free cleft surgeries and comprehensive cleft care to children globally. Every year, one in 700 babies is born with a cleft lip or palate globally.

Clefts are the leading birth defect in many developing countries, and it is estimated more than 200,000 babies are born with a cleft lip every year.

Management commentary

Back in 2018, Monjasa engaged in a two-year partnership to support Smile Train's local programmes in Panama. Through this local collaboration, Monjasa has directly contributed to 18 cleft palate surgeries, increased partner surgeons from one to three and three surgical training and education grants in 2019.

Monjasa employees have also been participating in employee engagement activities, including the "Miles for Smiles" runs in Panama, Dubai and Denmark to help raise awareness and funds for Smile Train's programmes.

In 2019, this resulted in an additional 50 cleft treatments for children globally, and Monjasa is dedicated to continuing the collaboration in the years to come.

In addition to this, Monjasa supports various social developments, including local sports and performing arts activities in Denmark for the benefit of young people and the local community.

Statutory report on the underrepresented gender
This section constitutes Monjasa's statement of compliance with section 99 (b) of the Danish Financial Statements Act.

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

The female composition of employees in the organisation in 2019 is at 28% (2018: 31%). The current representation reflects the shipping and IT consultancy industries at large.

The female representation of managers in the Monjasa Group decreased from 23% in 2018 to 19% in 2019. While we are aware that the gender composition at manager 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 Board of Directors is composed by males only. In line with the current legislation to counteract the gender imbalance in boardrooms, Monjasa has set at target to introduce at least one female to the board. The aim was to reach the target in 2020.

The target was not reached in the reporting year, as the right candidate was not found. In light of this,

Monjasa has decided to adjust the target deadline to 2022.

Monjasa regularly reviews the recruitment and advancement processes to ensure that unconscious preferences and prejudices are mitigated.

In the recruitment and hiring processes, we ensure that job ads are formulated in such a way that appeal to both genders and attract the broadest pool of qualified candidates.

We eliminate gender-based expressions, to have a more inclusive language in our communication material. At recruitment events and career fairs, the HR Department and hiring managers actively approach

Management commentary

a diverse candidate pool and actively introduce female candidates to the shipping industry.

Where possible, we also ensure to shortlist both genders for interviews, and ensure that the interview panel comprises both genders. When filling in managerial positions, we focus on hiring/promoting candidates with relevant competencies and experience. We actively ensure that female candidates are included in the pool of candidates, regardless of the stage in familial life.

The HR Department is also focused on spreading awareness in unconscious bias during leadership courses and relevant forums with managers. We believe that by being curious, removing misconceptions and exploring assumptions, we shape a culture that is more supportive and inclusive. This will naturally give rise to a more diverse representation at the management level.

In 2020, Monjasa further committed to Danish Shipping’s “Charter for more Women in Shipping” initiative. The initiative aims at increasing the share of females in Danish shipping companies, showing our commitment to develop and set targets for diversity in our organisation.

Occupational Health and Safety Management (OHSAS 18001:2007)
Monjasa maintains accreditation to OHSAS 18001:2007 since 2014, this means an ongoing commitment towards ensuring the health and safety of our employees, contractors and community.

The purpose of this certification is to ensure sound management of health and safety risks posed on employees, whilst also ensuring the safety of those who work with us.

During 2019, we conducted interactive HSEQ workshops across the Group to review our risk assessments and ensure that hazards, risks and control measures were completely understood. It was also an opportunity to identify areas for improvement as we embark in the transition to ISO 45001:2018.

Training is an integral part to ensure that our personnel have the rights competencies and skills to perform their job safely.

During 2019, our employees spent over 2,800 hours on training across the Group. This included mandatory IMO 2020 training that our Operators and Traders attended.

For our oil terminal at Skagen, we are pleased to have achieved 95% compliance with the Training Matrix despite a major reshuffle in the team. All operators have completed the required training as per Danish legislation to perform their daily tasks in the terminal.

Environmental Management (ISO 14001:2015)
The purpose of this certification is to ensure that we manage and minimise the impact and harmful effects our business activities pose on the environment.

In 2019, the Group delivered 4.5 million mts'000 of marine fuel and experienced zero environmental incidents on our vessels/during any operation. We acknowledge that we have a responsibility towards the global environment and climate challenges and are therefore actively seeking opportunities to reduce our envi-ronmental footprint.

Management commentary

Energy Management (ISO 50001:2011)
The purpose of this certification is to ensure we manage our energy consumption and improve energy efficiency across our offices and operations.

We are contributing to green energy production by providing offshore accommodation vessels for those constructing offshore wind farms. In 2019, we managed to reduce the energy consumption on board Wind Innovation by installing DESMI Optisave on our cooling system, we saved approximately 1074 KWh per day for a total of 261.3 MWh by the end of the year.

Thereby, C-bed reduces transportation and fuel consumption on a day-to-day basis with a positive impact on the environment.

Quality Management (ISO 9001:2015)
Customer feedback is important to us. It provides Monjasa a platform for managing and improving our overall business.

We strive to ensure that our customers are happy, and that, should any deviations occur, appropriate action is taken. Monjasa issues Customer Satisfaction Surveys after each delivery in their physical setup across the Americas, North West Europe, West Africa and United Arab Emirates.

During 2019, we delivered 1.7 million mts'000 on our physical setup and completed 4,443 surveys, of which 4,342 were satisfactory and 101 found room for improvement, offering further guidance for improving quality continuously. This means our 2019 Group Customer Satisfaction rating was 97.7%.

Recognition from industry stakeholders
During 2019, Monjasa was shortlisted in the Singapore Lloyd’s List awards in the category of excellence in bunker supply for its unique approach towards Customer Satisfaction.

Monjasa was also shortlisted in the Dubai Maritime Standard Awards under the Corporate Social Responsibility for its continuing support to Smile Train.

Moreover, Monjasa is the proud winner of the Cyprus Young Ship Award in the Company category.

Events after the balance sheet date
Unusual circumstances
The Group’s financial position at 31 December 2019 as well as the results of the Group’s operations and cash flows for the financial year 2019 are not affected by any unusual circumstances.

Changes in the business
In February 2020, the Danish Ministry of Taxation decided to appeal the court verdict in the tonnage tax case in Denmark (see 3.2).

Management follows the development of the current Covid-19 health situation closely and the impact on our business and employees.

Management commentary

We are following governmental guidelines throughout the world and adjusting our daily work and routines accordingly.

As of March 2020, we have not experienced any material impact on our business or financial performance, however, Management acknowledges increased uncertainty related to global trade volumes and supplies, which may affect our activity level as the health situation develops. Furthermore, we have not seen any negative development in our customers’ ability to pay or changes to our financing.

Consolidated income statement for 2019

	Notes	2019 USD'000	2018 USD'000
Revenue	1	2.191.082	2.073.229
Other operating income		446	319
Cost of sales		(2.074.566)	(2.004.483)
Other external expenses	2	(23.332)	(19.992)
Gross profit/loss		**93.630**	**49.073**
Staff costs	3	(39.103)	(32.851)
Depreciation, amortisation and impairment losses	4	(18.527)	(7.911)
Operating profit/loss		**36.000**	**8.311**
Other financial income	5	4.938	4.355
Other financial expenses	6	(8.139)	(8.092)
Profit/loss before tax		**32.799**	**4.574**
Tax on profit/loss for the year	7	(5.376)	2.194
Profit/loss for the year	8	**27.423**	**6.768**

Consolidated balance sheet at 31.12.2019

	Notes	2019 USD'000	2018 USD'000
Acquired rights		2.817	2.862
Goodwill		2.250	2.693
Intangible assets	9	**5.067**	**5.555**
Land and buildings		5.064	4.609
Ships		61.723	59.357
Other fixtures and fittings, tools and equipment		1.342	1.986
Leasehold improvements		521	421
Property, plant and equipment	10	**68.650**	**66.373**
Investments in associates		10	0
Other investments		243	243
Deposits		1.997	1.853
Other receivables		152	1.135
Fixed asset investments	11	**2.402**	**3.231**
Fixed assets		**76.119**	**75.159**
Manufactured goods and goods for resale		55.671	67.993
Inventories		**55.671**	**67.993**
Trade receivables		295.751	210.584
Receivables from associates		3.929	7.211
Deferred tax	12	3.088	7.728
Other receivables		9.302	23.272
Income tax receivable		499	213
Prepayments		3.346	3.262
Receivables		**315.915**	**252.270**
Cash		**21.394**	**18.740**
Current assets		**392.980**	**339.003**
Assets		**469.099**	**414.162**

Consolidated balance sheet at 31.12.2019

	Notes	2019 USD'000	2018 USD'000
Contributed capital		19	19
Retained earnings		105.040	79.410
Equity attributable to the Parent's owners		**105.059**	**79.429**
Share of equity attributable to minority interests		**1.334**	**0**
Equity		**106.393**	**79.429**
Finance lease liabilities		1.022	0
Other payables		21.437	37.982
Non-current liabilities other than provisions	13	**22.459**	**37.982**
Current portion of long-term liabilities other than provisions	13	15.700	16.658
Bank loans		97.117	43.252
Prepayments received from customers		1.493	277
Trade payables		218.810	213.853
Payables to associates		198	177
Income tax payable		1.125	858
Other payables		5.804	21.676
Current liabilities other than provisions		**340.247**	**296.751**
Liabilities other than provisions		**362.706**	**334.733**
Equity and liabilities		**469.099**	**414.162**
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		
Subsidiaries	20		

Consolidated statement of changes in equity for 2019

	Contributed capital USD'000	Retained earnings USD'000	Share of equity attributable to minority interests USD'000	Total USD'000
Equity beginning of year	19	79.410	0	79.429
Costs related to equity transactions	0	(1.220)	1.220	0
Exchange rate adjustments	0	(573)	(23)	(596)
Profit/loss for the year	0	27.423	137	27.560
Equity end of year	**19**	**105.040**	**1.334**	**106.393**

Consolidated cash flow statement for 2019

	Notes	2019 USD'000	2018 USD'000
Operating profit/loss		36.000	8.311
Amortisation, depreciation and impairment losses		18.527	7.911
Working capital changes	14	(69.248)	(24.674)
Cash flow from ordinary operating activities		**(14.721)**	**(8.452)**
Financial income received		7.068	4.252
Financial expenses paid		(7.145)	(7.309)
Income taxes refunded/(paid)		(842)	(532)
Cash flows from operating activities		**(15.640)**	**(12.041)**
Acquisition etc of intangible assets		(999)	(983)
Acquisition etc of property, plant and equipment		(20.180)	(8.424)
Sale of property, plant and equipment		402	8.885
Loans		839	(1.135)
Cash flows from investing activities		**(19.938)**	**(1.657)**
Loans raised		53.865	45.823
Repayments of loans etc		(16.481)	(28.193)
Reduction of lease commitments		26	(4.791)
Transactions with non-controlling interest		643	0
Cash flows from financing activities		**38.053**	**12.839**
Increase/decrease in cash and cash equivalents		**2.475**	**(859)**
Cash and cash equivalents beginning of year		18.740	19.570
Currency translation adjustments of cash and cash equivalents		179	29
Cash and cash equivalents end of year		**21.394**	**18.740**

Notes to consolidated financial statements

	2019 USD'000	2018 USD'000
1. Revenue		
Oil	2.165.004	2.051.405
Offshore wind	15.498	9.548
Other	10.580	12.276
	2.191.082	**2.073.229**

	2019 USD'000	2018 USD'000
2. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	451	553
Tax services	50	16
Other services	72	46
	573	**615**

	2019 USD'000	2018 USD'000
3. Staff costs		
Wages and salaries	37.508	31.407
Pension costs	285	242
Other social security costs	1.310	1.202
	39.103	**32.851**
Average number of employees	**504**	**456**

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

	2019 USD'000	2018 USD'000
4. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	1.486	1.393
Depreciation of property, plant and equipment	17.041	6.518
	18.527	**7.911**

	2019 USD'000	2018 USD'000
5. Other financial income		
Other interest income	0	4
Exchange rate adjustments	1.264	2.628
Other financial income	3.674	1.723
	4.938	**4.355**

Notes to consolidated financial statements

	2019 USD'000	2018 USD'000
6. Other financial expenses		
Other interest expenses	17	506
Exchange rate adjustments	311	444
Other financial expenses	7.811	7.142
	8.139	**8.092**

	2019 USD'000	2018 USD'000
7. Tax on profit/loss for the year		
Current tax	1.007	851
Change in deferred tax	3.389	(2.987)
Adjustment concerning previous years	980	(58)
	5.376	**(2.194)**

	2019 USD'000	2018 USD'000
8. Proposed distribution of profit/loss		
Retained earnings	27.286	6.768
Minority interests' share of profit/loss	137	0
	27.423	**6.768**

	Acquired rights USD'000	Goodwill USD'000
9. Intangible assets		
Cost beginning of year	6.222	3.632
Additions	999	0
Cost end of year	**7.221**	**3.632**
Amortisation and impairment losses beginning of year	(3.360)	(939)
Exchange rate adjustments	(1)	0
Amortisation for the year	(1.043)	(443)
Amortisation and impairment losses end of year	**(4.404)**	**(1.382)**
Carrying amount end of year	**2.817**	**2.250**

Notes to consolidated financial statements

	Land and buildings USD'000	Ships USD'000	Other fixtures and fittings, tools and equipment USD'000	Leasehold improvements USD'000
10. Property, plant and equipment				
Cost beginning of year	5.976	75.189	9.659	1.664
Exchange rate adjustments	0	(929)	(11)	(1)
Transfers	596	0	(596)	0
Additions	1.543	17.582	818	237
Disposals	0	0	(346)	(56)
Cost end of year	**8.115**	**91.842**	**9.524**	**1.844**
Depreciation and impairment losses beginning of year	(1.367)	(15.832)	(7.673)	(1.243)
Exchange rate adjustments	1	155	11	0
Transfers	(60)	0	60	0
Impairment losses for the year	(1.333)	(9.086)	0	0
Depreciation for the year	(292)	(5.356)	(845)	(129)
Reversal regarding disposals	0	0	265	49
Depreciation and impairment losses end of year	**(3.051)**	**(30.119)**	**(8.182)**	**(1.323)**
Carrying amount end of year	**5.064**	**61.723**	**1.342**	**521**
Recognised assets not owned by entity	**-**	**3.518**	**-**	**-**

Notes to consolidated financial statements

	Investments in associates USD'000	Other investments USD'000	Deposits USD'000	Other receivables USD'000
11. Fixed asset investments				
Cost beginning of year	46	243	1.853	1.135
Exchange rate adjustments	0	0	(13)	(11)
Additions	5	0	435	0
Disposals	0	0	(278)	(972)
Cost end of year	**51**	**243**	**1.997**	**152**
Impairment losses beginning of year	(41)	0	0	0
Impairment losses end of year	**(41)**	**0**	**0**	**0**
Carrying amount end of year	**10**	**243**	**1.997**	**152**

	2019 USD'000
12. Deferred tax	
Changes during the year	
Beginning of year	7.728
Change during the year	(3.402)
Adjustment concerning previous years recognised in the income statement	(688)
Adjustment concerning previous years	(550)
End of year	**3.088**

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

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

Adjustment concerning previous years of USD 1.828 thousand concerns movement between deferred tax and income tax receivable.

	Due within 12 months 2019 USD'000	Due within 12 months 2018 USD'000	Due after more than 12 months 2019 USD'000
13. Liabilities other than provisions			
Finance lease liabilities	1.303	2.299	1.022
Other payables	14.397	14.359	21.437
	15.700	**16.658**	**22.459**

Notes to consolidated financial statements

	2019 USD'000	2018 USD'000
14. Change in working capital		
Increase/decrease in inventories	12.322	(16.873)
Increase/decrease in receivables	(83.266)	(65.207)
Increase/decrease in trade payables etc	1.696	57.406
	(69.248)	**(24.674)**

15. Financial instruments

	Net volume MTS'000	2019 Net value USD'000	2018 Net value USD'000
Derivatives used for fair value hedgeing of inventory			
Derivatives maturing within 0-3 months	(17)	(925)	935
Derivatives used for fair value hedging of firm commitments			
Derivatives maturing within 0-3 months	16	1.161	(7.503)
Derivatives maturing within 3-12 months	9	306	(3.547)
	8	**542**	**(10,115)**

Explanatory notes for firm commitments

	Net value MTS'000	2019 USD'000	2018 USD'000
Firm commitments effectually hedge with derivatives	25	1.671	15.266
	25	**1.671**	**15.266**

The Group has no unhedged firm commitments.

16. Unrecognised rental and lease commitments

Rental agreements and leases

The Group has assumed operating lease obligations which at 31 December 2019 amounts to USD 16.2m (2018: USD 11.3m) in the period of non-terminability of up to 64 months (2018: 72 months).

The Group has assumed charter hire obligations which at 31 December 2019 amount to USD 7m (2018: USD 15.4m).

Notes to consolidated financial statements

17. Contingent liabilities

Contingent liabilities

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

Joint tax

Endeavour Invest ApS is the management company for the Danish jointly, taxed companies. The management company has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the joint taxation scheme. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2019 (2018: USD 0m).

18. Assets charged and collateral

Security

The company and its subsidiaries have issued guarantees towards financial institutions in respect of loans which amount to USD 99 mUSD at the balance sheet date (2018: 43 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.

19. Transactions with related parties

Related parties are definged as parties with control or significant influence, including Group companies.

Other related parties

Anders Østergaard, CEO and Member of the Board of Directors, Monjasa Holding A/S
Christian Merrild, Chairman of the Board of Directors, Monjasa Holding A/S
Tage Benedikt Bundgaard, Member of the Board of Directors, Monjasa Holding A/S
Flemming Edvard Ipsen, Member of the Board of Directors, Monjasa Holding A/S
Svend Stenberg Mølholt, COO, Monjasa Holding A/S
Peder Gellert Pedersen, Member of Board of Directors, Monjasa Holding A/S

Notes to consolidated financial statements

	Registered in	Equity interest %
20. Subsidiaries		
Downstream Holding A/S	Fredericia, Denmark	100,0
Monjasa A/S	Fredericia, Denmark	100,0
RelateIT A/S	Odense, Denmark	100,0
Monjasa Inc	Connecticut, USA	100,0
Monjsa DMCC	Dubai, United Arabic Emirates	100,0
Monjasa Chartering DMCC	Dubai, United Arabic Emirates	100,0
Monjasa Chartering II DMCC	Dubai, United Arabic Emirates	100,0
Montec Ship Management DMCC	Dubai, United Arabic Emirates	100,0
Monjasa Marine LLC	Dubai, United Arabic Emirates	33,0
Biamark (PTY) Ltd	Windhoek, Namibia	55,0
Monjasa SARLU	Pointe-Noire, Republic of Congo	100,0
Monjasa Pte Ltd	Singapore	100,0
Monjasa S.A.	Panama, Panama	100,0
Monjasa MHQ S.A.	Panama, Panama	100,0
Monjasa PTY, S.A.	Panama, Panama	100,0
Monjasa S.A. de C.V.	Mexico City, Mexico	100,0
Monjasa LTD	Limassol, Cyprus	100,0
Monjasa LTD	London, United Kingdom	100,0
Midstream Holding A/S	Fredericia, Denmark	100,0
Monjasa Trading DMCC	Dubai, United Arabic Emirates	100,0
Logistics Holding A/S	Fredericia, Denmark	100,0
African Runner Shipping ApS	Fredericia, Denmark	100,0
African Chaser Shipping ApS	Fredericia, Denmark	100,0
African Sprinter Shipping ApS	Fredericia, Denmark	100,0
Skaw Provider Shipping ApS	Fredericia, Denmark	100,0
Monjasa Chartering ApS	Fredericia, Denmark	100,0
Energizer Shipping ApS	Fredericia, Denmark	100,0
Monjasa Nordics ApS	Fredericia, Denmark	100,0
C-bed Holding A/S	Fredericia, Denmark	100,0
RelateIT Holding A/S	Odense, Denmark	80,0
RelateIT DMCC	Dubai, United Arabic Emirates	80,0
aha ApS	Fredericia, Denmark	100,0

Notes to consolidated financial statements

	Registered in	Equity interest %
20. Subsidiaries (continued)		
First Arctic A/S	Fredericia, Denmark	100,0
Multiple Holding ApS	Fredericia, Denmark	100,0
Monjasa Holding A/S	Fredericia, Denmark	100,0
BE THE LOGO ApS	Fredericia, Denmark	66,7
C-bed I ApS	Fredericia, Denmark	100,0

Parent income statement for 2019

	Notes	2019 USD'000	2018 USD'000
Other external expenses		(21)	(10)
Gross profit/loss		**(21)**	**(10)**
Staff costs	1	(49)	0
Operating profit/loss		**(70)**	**(10)**
Income from investments in group enterprises		32.584	4.964
Other financial income	2	1.136	2.486
Other financial expenses	3	(2)	(522)
Profit/loss before tax		**33.648**	**6.918**
Tax on profit/loss for the year	4	(95)	100
Profit/loss for the year	5	**33.553**	**7.018**

Parent balance sheet at 31.12.2019

	Notes	2019 USD'000	2018 USD'000
Investments in group enterprises		142.184	121.728
Fixed asset investments	6	**142.184**	**121.728**
Fixed assets		**142.184**	**121.728**
Receivables from group enterprises		2.945	4.316
Other receivables		31	1.433
Income tax receivable		0	92
Receivables		**2.976**	**5.841**
Cash		**0**	**1**
Current assets		**2.976**	**5.842**
Assets		**145.160**	**127.570**

Parent balance sheet at 31.12.2019

	Notes	2019 USD'000	2018 USD'000
Contributed capital		19	19
Reserve for net revaluation according to the equity method		66.591	66.861
Retained earnings		48.456	14.903
Equity		**115.066**	**81.783**
Other payables		16.485	31.140
Non-current liabilities other than provisions	7	**16.485**	**31.140**
Current portion of long-term liabilities other than provisions	7	13.492	13.492
Trade payables		4	0
Payables to group enterprises		31	1.148
Income tax payable		64	0
Other payables		18	7
Current liabilities other than provisions		**13.609**	**14.647**
Liabilities other than provisions		**30.094**	**45.787**
Equity and liabilities		**145.160**	**127.570**
Contingent liabilities	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2019

	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	66.861	14.903	81.783
Exchange rate adjustments	0	(270)	0	(270)
Profit/loss for the year	0	0	33.553	33.553
Equity end of year	**19**	**66.591**	**48.456**	**115.066**

Notes to parent financial statements

	2019 USD'000	2018 USD'000
1. Staff costs		
Wages and salaries	46	0
Pension costs	3	0
	49	**0**
Average number of employees	**1**	**0**

	2019 USD'000	2018 USD'000
2. Other financial income		
Financial income arising from group enterprises	231	126
Exchange rate adjustments	905	2.356
Other financial income	0	4
	1.136	**2.486**

	2019 USD'000	2018 USD'000
3. Other financial expenses		
Financial expenses from group enterprises	2	21
Other interest expenses	0	501
	2	**522**

	2019 USD'000	2018 USD'000
4. Tax on profit/loss for the year		
Current tax	64	0
Change in deferred tax	0	(89)
Adjustment concerning previous years	31	(11)
	95	**(100)**

	2019 USD'000	2018 USD'000
5. Proposed distribution of profit/loss		
Retained earnings	33.553	7.018
	33.553	**7.018**

Notes to parent financial statements

	Investments in group enterprises USD'000
6. Fixed asset investments	
Cost beginning of year	54.867
Cost end of year	**54.867**
Revaluations beginning of year	66.861
Exchange rate adjustments	(270)
Share of profit/loss for the year	32.584
Dividend	(11.858)
Revaluations end of year	**87.317**
Carrying amount end of year	**142.184**

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

	Due within 12 months 2019 USD'000	Due within 12 months 2018 USD'000	Due after more than 12 months 2019 USD'000
7. Liabilities other than provisions			
Other payables	13.492	13.492	16.485
	13.492	**13.492**	**16.485**

8. Contingent liabilities

Joint tax

The Parent Company is the management company for Danish jointly, taxed companies. The management company has unlimited, joint and several liability together with the other jointly taxed companies for all corporate income taxes arising under the join taxation scheme. Corporate income tax payable for the Danish jointly taxed companies amounted to USD 0m at 31 December 2019 (2018: USD 0m).

9. Related parties with controlling interest

Anders Østergaard owns all the shares in the company.

10. Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the financial statements. No such transactions have been conducted in 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 financial statements are consistent with those applied last year, except for recognition of effectively hedged firm commitments.

The functional and presentation currency is USD with the applied exchange rate for 2019: 6.60 (2018: 6.52)

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.

Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the

Accounting policies

income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities have been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life, but not exceeding 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement. Please see the section on derivative financial instruments.

Income statements of foreign subsidiaries and associates that are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange rate adjustments arising at the translation of the opening equity and exchange rate adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

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.

Accounting policies

Income statement

Revenue

Revenue from the sale of oil and delivery of transport service 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 salaries and wages as well as 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, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 internal 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.

Accounting policies

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 acquisitions. 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.

The amortisation periods used are 5-8 years.

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.

Accounting policies

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

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

Estimated useful lives and residual values are reassessed annually.

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

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 acquisitions 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,

Accounting policies

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.

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 dedudction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

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

Tangible fixed assets are reclassified to inventory when an agreement of sale of the asset has been made, but not yet effected, and the asset is no longer in use. Depreciation of the asset continues until disposal. Any impairment recognised after being reclassified to inventory is recognised in the income statement as “Other operating income and expenses”.

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.

Accounting policies

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

Cash
Cash comprises cash in bank deposits and in hand.

Finance 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.

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

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.

Accounting policies

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

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