
Tern Skagen Management A/S

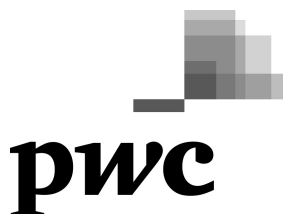
Vestre Strandvej 10, DK-9990 Skagen

Annual Report for 1 September 2020 - 31 August 2021

CVR No 32 43 84 66

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/11 2021

Thomas Wilkens Andersen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tern Skagen Management A/S for the financial year 1 September 2020 - 31 August 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 August 2021 of the Company and of the results of the Company operations for 2020/21.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Skagen, 26 November 2021

Executive Board

Jens Pedersen Buchhave

Board of Directors

Arne Tryggve Möller
Chairman

Thomas Wilkens Andersen

Jens Pedersen Buchhave

Independent Auditor's Report

To the Shareholder of Tern Skagen Management A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2021 and of the results of the Company's operations for the financial year 1 September 2020 - 31 August 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tern Skagen Management A/S for the financial year 1 September 2020 - 31 August 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

Independent Auditor's Report

audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 26 November 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorized Public Accountant

mne30221

Company Information

The Company

Tern Skagen Management A/S
Vestre Strandvej 10
DK-9990 Skagen

CVR No: 32 43 84 66
Financial period: 1 September - 31 August
Municipality of reg. office: Frederikshavn

Board of Directors

Arne Tryggve Möller, Chairman
Thomas Wilkens Andersen
Jens Pedersen Buchhave

Executive Board

Jens Pedersen Buchhave

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Bankers

Nordea
Strandgade 3
0900 København C

Jyske Bank
Sankt Laurentii Vej 32
9990 Skagen

Income Statement 1 September - 31 August

	Note	2020/21 USD	2019/20 USD
Revenue		10,705,235	10,337,145
Other operating income		80,289	77,529
Other external expenses		<u>-39,442</u>	<u>-29,437</u>
Gross profit/loss		10,746,082	10,385,237
Staff expenses	2	-10,696,055	-10,336,376
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	<u>-5,712</u>	<u>-5,712</u>
Profit before financial income and expenses		44,315	43,149
Financial income	4	1,711	26
Financial expenses	5	<u>-29,405</u>	<u>-14,961</u>
Profit before tax		16,621	28,214
Tax on profit/loss for the year	6	<u>-6,618</u>	<u>-8,966</u>
Net profit/loss for the year		10,003	19,248

Distribution of profit

Proposed distribution of profit

Retained earnings	10,003	19,248
	<u>10,003</u>	<u>19,248</u>

Balance Sheet 31 August

Assets

	Note	2020/21 USD	2019/20 USD
Land and buildings		500,330	506,042
Property, plant and equipment	7	500,330	506,042
Fixed assets		500,330	506,042
Receivables from group enterprises		176,412	1,237,616
Other receivables		501,927	413,162
Receivables		678,339	1,650,778
Cash at bank and in hand		70,664	0
Currents assets		749,003	1,650,778
Assets		1,249,333	2,156,820

Balance Sheet 31 August

Liabilities and equity

	Note	2020/21 USD	2019/20 USD
Share capital	8	85,162	85,162
Retained earnings		195,293	185,290
Equity		280,455	270,452
Mortgage loans		0	188,899
Credit institutions		142,774	0
Long-term debt	9	142,774	188,899
Mortgage loans	9	0	5,604
Credit institutions	9	31,727	0
Trade payables		55,282	10,681
Payables to group enterprises		1,636	1,000,431
Corporation tax		15,584	18,274
Other payables		721,875	662,479
Short-term debt		826,104	1,697,469
Debt		968,878	1,886,368
Liabilities and equity		1,249,333	2,156,820
Key activities	1		
Contingent assets, liabilities and other financial obligations	10		
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Statement of Changes in Equity

	Share capital USD	Retained earnings USD	Total USD
Equity at 1 September	85,162	185,290	270,452
Net profit/loss for the year	0	10,003	10,003
Equity at 31 August	85,162	195,293	280,455

Notes to the Financial Statements

1 Key activities

The object of the Company is ship management, crewing and other shipping related activities as determined in detail by the Board of Directors.

	2020/21 USD	2019/20 USD
2 Staff expenses		
Wages and salaries	8,894,602	8,706,895
Pensions	690,133	580,960
Other social security expenses	1,111,320	1,048,521
	10,696,055	10,336,376
Average number of employees	166	166
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	5,712	5,712
	5,712	5,712
4 Financial income		
Other financial income	1,710	26
Exchange adjustments	1	0
	1,711	26
5 Financial expenses		
Other financial expenses	16,486	6,163
Exchange loss	12,919	8,798
	29,405	14,961

Notes to the Financial Statements

	2020/21 USD	2019/20 USD
6 Tax on profit/loss for the year		
Current tax for the year	6,618	8,966
	6,618	8,966

7 Property, plant and equipment

	Land and buildings USD
Cost at 1 September	561,636
Cost at 31 August	561,636
Impairment losses and depreciation at 1 September	55,594
Depreciation for the year	5,712
Impairment losses and depreciation at 31 August	61,306
Carrying amount at 31 August	500,330

8 Equity

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020/21 USD	2019/20 USD
Mortgage loans		
After 5 years	0	160,709
Between 1 and 5 years	0	28,190
Long-term part	0	188,899
Within 1 year	0	5,604
	0	194,503
Credit institutions		
Between 1 and 5 years	142,774	0
Long-term part	142,774	0
Other short-term debt to credit institutions	31,727	0
	174,501	0

10 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	0	506,042
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The following assets have been placed as security with bankers:

Mortgage deeds totaling kUSD 190 (TDKK 1.200), which provide a mortgage on land and buildings to a total carrying amount of	500,330	0
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Contingent liabilities

Groups Danish companies are jointly and severally liable for tax on consolidated taxable income for joint taxation.

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of Tern Skagen Management A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2020/21 are presented in USD. Average exchange rate during the year has been calculated to 6,2215. (2019/20: 6,7079)

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

US dollar is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

11 Accounting Policies (continued)

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Other external expenses

Other external expenses comprise expenses for travel, insurance and contingent, course and office expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with parent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

11 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	100 years
Other fixtures, tools and equipment	3 - 5 years

The fixed assets' residual values are determined at nil.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimi-

Notes to the Financial Statements

11 Accounting Policies (continued)

nation in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.