
Forsea Helsingør ApS

Færgevej 8, DK-3000 Helsingør

Annual Report for 1 January - 31 December 2021

CVR No 33 26 00 40

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
9 /5 2022

Jens Ole Gravlund Hansen
Dirigent



pwc

Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	11
Balance Sheet 31 December	12
Statement of Changes in Equity	14
Notes to the Financial Statements	15

Management's Statement

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Forsea Helsingør ApS for the financial year 1 January - 31 December 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 December 2021 of the Company and of the results of the Company operations for 2021.

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

Helsingør, 5 May 2022

Executive Board

Jens Ole Gravlund Hansen

Supervisory Board

Kristian Durhuus
Chairman

Åsa Maria Linde Tornée

Peter Kesting

Susanne Elisabeth Kaarnimo-
Knight

Thomas Kasimir Flandrup
Staff Representative

Pia Gottschalksen
Staff Representative

Independent Auditor's Report

To the Shareholder of Forsea Helsingør ApS

Opinion

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

We have audited the Financial Statements of Forsea Helsingør ApS for the financial year 1 January - 31 December 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 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.

Independent Auditor's Report

- 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, 5 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

statsautoriseret revisor

mne26718

Company Information

The Company

Forsea Helsingør ApS
Færgevej 8
DK-3000 Helsingør

Telephone: + 45 3315 1515
E-mail: Info@forsea.com
Website: www.forsea.dk

CVR No: 33 26 00 40
Financial period: 1 January - 31 December
Municipality of reg. office: Helsingør

Supervisory Board

Kristian Durhuus, Chairman
Åsa Maria Linde Tornée
Peter Kesting
Susanne Elisabeth Kaarnimo-Knight
Thomas Kasimir Flandrup
Pia Gottschalksen

Executive Board

Jens Ole Gravlund Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021	2020	2019	2018	2017
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	380	329	489	497	500
Gross profit/loss	194	178	229	256	238
Operating profit/loss	44	27	86	117	114
Profit/loss before financial income and expenses	63	49	89	127	120
Net financials	-9	3	-6	-7	-10
Net profit/loss for the year	51	48	75	117	105
Balance sheet					
Balance sheet total	668	740	716	651	550
Equity	488	485	512	452	350
Investment in property, plant and equipment	29	8	26	18	0
Number of employees	199	220	240	250	235
Ratios					
Gross margin	51,1%	54,1%	46,8%	51,5%	47,6%
Profit margin	16,6%	14,9%	18,2%	25,6%	24,0%
Return on assets	9,4%	6,6%	12,4%	19,5%	21,8%
Solvency ratio	73,1%	65,5%	71,5%	69,4%	63,6%
Return on equity	10,5%	9,6%	15,6%	29,2%	31,9%

In connection with changes to accounting policies, the comparative figures back to 2017 have not been restated. See the description under accounting policies.

Management's Review

Key activities

The company's activities are to operate Ro-Ro ferries on the route Helsingør – Helsingborg in cooperation with other Group Companies in Denmark and Sweden, owned by the parent company Forsea AB in Helsingborg. The ferry route is an important part of the Regional and European infrastructure for transportation of goods and people for business and pleasure.

Development in the year

The income statement of the Company for 2021 shows a profit of TDKK 50,865, and at 31 December 2021 the balance sheet of the Company shows equity of TDKK 488,081.

The past year and follow-up on development expectations from last year

During 2021 appr. 4.0 mill. passengers, 0.7 mill. passenger cars and 2.200 busses traveled the route. Compared to 2020 this is an increase of 12% in numbers of passengers and 2% number of cars. The number of lorries transported increased during 2021 by 9% adding up to appr. 450.300 units.

In 2019 post Covid-19 pandemic, 7 mill. passengers, 1.3 mill. passenger cars and 435.000 lorries were transported.

The years result is still heavily affected by the Covid-19 pandemic. Border closure in Denmark and Sweden was a decisive factor in a challenging year. The Company first experienced a full closure of the Danish border from year start until May, followed by partly ease off travel restrictions throughout the summer. During September-November the traffic slowly moved towards normal level, but the year ended with yet another closing,

The Company has focused on reducing overall costs as much as possible in order to mitigate the reduced level of traffic and revenue, but at the same time maintained our high frequency sailing throughout the year, above all to ensure that freight and commuters have been able to travel freely on the route.

Management's Review

Operating risks

Risk and uncertainty in the company's operations

The company's operations depend highly on reliability in the fleet. Damage to the vessels due to accidents or mechanical problems can be costly. The company therefore invests considerable resources in keeping the vessels in very good condition. To minimize costs caused by this type of problem, comprehensive marine insurances are in place.

Sailing reliability of 99,8% was maintained in 2021.

Risk and uncertainty in the industry

The company's main customers are in the transport sector. The demand for transport depends on the business cycle, the underlying demand for companies' products and competition from other alternatives. Passenger traffic is sensitive to business cycles and the outside world, but also subject to competition from other travel alternatives.

Market risks

The external factors that have the greatest impact on the company are issues concerning the regulation of trade and import regulations in the EU and other countries in northern Europe and the development of energy prices, oil and electricity.

Management evaluates that no particular risks are related to recognition and measurement in connection with the presentation of the annual report.

Targets and expectations for the year ahead

According to the financial statement for 2020 management expected that the result of 2021 would be better than in 2020. The result for 2020 was 48 mDKK and in 2021 51 mDKK and thus the expectations were met.

The company will continue its primary activities. Despite continued travel restrictions in relation to the continued COVID-19 pandemic from year start management expect that travel restriction will end during first quarter of the year, and that travel volume will resume, thus a revenue in the range of DKK 480-500 million and a net result in the range of DKK 80-90 million is expected for 2022 and the result of 2022 will be significantly better than in 2021.

Management's Review

External environment

The business's impact on the external environment and the strategy and preventive actions to minimize this are presented in the sustainability report (https://www.forseafferries.com/globalassets/blocks/arsredovisning/hallbarhet/forsea_sustainability_report_2021.pdf).

Data ethics report

ForSea Helsingør A/S is subject to the ForSea's Group's policies for GDPR, IT security and the use of data. We assess that these policies cover risks for the use of data in an ethically sound manner, which is why a policy for data ethics has not been drawn up in 2021.

Statement of corporate social responsibility

Forsea's overall business objective - which has been integrated into vision and business model - is to conduct a sustainable business with the least possible environmental impact. Since 2016, the business has been environmentally certified according to ISO-14001: 2015. The management system provides a systematic approach to work with continuous improvement. The sustainability and safety work is closely integrated and coordinated through the Department of Health, Environment and Security. Certain sustainability issues are handled by special working groups over the departmental boundaries, such as the ECO-driving group, the Energy saving group and the Chemicals Council. Within the framework of ISO-14001: 2015, two annual internal audits are done of the environmental work and an external environmental audit. The results of the audits are used in the improvement work.

We refer to our the sustainability report regarding Statment of Corporate social responsibility according to Danish Financial Statement Act § 99a, which has been prepared by the swedish parent company Forsea AB for of the Forsea Group companies. (https://www.forseafferries.com/globalassets/blocks/arsredovisning/hallbarhet/forsea_sustainability_report_2021.pdf).

Management's Review

Statement on gender composition

The company has as a target to increase its share of women on the Board of Directors of Forsea Helsingør ApS to the 33/66 ratio from 2015 to 2020. In 2015 the company had zero women in the Board of Directors. The company's target to increase its share of women on the board of directors was achieved in 2018 since 2 out of 4 board members are women. The gender composition of 50/50 remains in 2021 in compliance with target.

The company's goal for management levels corresponds with the group's goal of having at least 25% women in the company's management. The outcome for 2021 is that 2/7 (29%) are women, which was also the outcome for 2020. The long-term goal is to have 40-60% women in company management by 2025. In order to reach this goal the company contributes with education and active work at universities and social media

The company's policy is to increase the participation of the underrepresented gender on the management level in the Group Companies. The company seeks to always select the best qualified candidate for the job and to do this in a non-discriminatory manner with respect to gender, age, religion etc. A special effort is made to increase the number of applications from the underrepresented gender in the recruiting process.

Uncertainty relating to recognition and measurement

Except from the impact from Covid-19 management evaluates that no particular uncertainties or unusual circumstances are related to recognition and measurement with the presentation of the annual report.

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

Subsequent events

Please refer to note 1 "Subsequent events".

With financial effect from 1 January 2022 the company ForSea Management A/S and the company ForSea Øresund A/S are both merged with ForSea Helsingør ApS as a part of the reorganization of the group, where ForSea Helsingør ApS is the continuing company.

Except from the merger no significant subsequent events has occurred.

Income Statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue	2	379.808	328.626
Other operating income	3	18.265	22.418
Other external expenses		<u>-204.261</u>	<u>-172.637</u>
Gross profit/loss		193.812	178.407
Staff expenses	4	-87.103	-89.603
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	7	<u>-44.111</u>	<u>-39.371</u>
Profit/loss before financial income and expenses		62.598	49.433
Financial income	8	261	8.024
Financial expenses	9	<u>-9.296</u>	<u>-4.538</u>
Profit/loss before tax		53.563	52.919
Tax on profit/loss for the year	10	<u>-2.698</u>	<u>-4.534</u>
Net profit/loss for the year		<u>50.865</u>	<u>48.385</u>

Balance Sheet 31 December

Assets

	Note	2021 TDKK	2020 TDKK
Software		7.653	8.259
Intangible assets	11	7.653	8.259
Land and buildings		42.445	44.231
Harbour facilities and installations		124.176	138.686
Vessels		178.891	185.691
Property, plant and equipment in progress		3.645	5.332
Property, plant and equipment	12	349.157	373.940
Investments in subsidiaries	13	2.982	0
Fixed asset investments		2.982	0
Fixed assets		359.792	382.199
Inventories	14	997	1.169
Trade receivables		20.030	16.208
Receivables from group enterprises		233.101	307.379
Other receivables		0	9.471
Prepayments	15	1.542	1.575
Receivables		254.673	334.633
Cash at bank and in hand		52.880	21.632
Currents assets		308.550	357.434
Assets		668.342	739.633

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TDKK	2020 TDKK
Share capital		40.000	40.000
Retained earnings		373.081	397.216
Proposed dividend for the year		75.000	48.000
Equity		488.081	485.216
Lease obligations		60.839	68.187
Other payables		4.295	4.557
Long-term debt	16	65.134	72.744
Lease obligations	16	7.348	6.998
Trade payables		9.400	17.578
Payables to group enterprises		36.642	85.576
Corporation tax		6.103	11.613
Other payables	16	13.247	14.477
Deferred income		42.387	45.431
Short-term debt		115.127	181.673
Debt		180.261	254.417
Liabilities and equity		668.342	739.633
Subsequent events	1		
Fee to auditors appointed at the general meeting	6		
Distribution of profit	5		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Accounting Policies	19		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
2021				
Equity at 1 January	40.000	397.216	48.000	485.216
Ordinary dividend paid	0	0	-48.000	-48.000
Net profit/loss for the year	0	-24.135	75.000	50.865
Equity at 31 December	40.000	373.081	75.000	488.081
2020				
Equity 1. januar	40.000	396.831	75.000	511.831
Ordinary dividend paid	0	0	-75.000	-75.000
Net profit/loss for the year	0	385	48.000	48.385
Equity at 31 December	40.000	397.216	48.000	485.216

The share capital consists of 40,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

1 Subsequent events

On January 19, 2022, an extraordinary general meeting was held in Forsea Helsingør ApS regarding implementation of merger between the company and both Forsea Øresund A/S and Forsea Management A/S effective January 1, 2022. The merger has been performed in accordance with merger plans, with Forsea Helsingør ApS as the remaining company.

	<u>2021</u> TDKK	<u>2020</u> TDKK
2 Revenue		
Geographical segments		
Revenue, Denmark	379.808	328.626
	379.808	328.626
Business segments		
Ferry transport	252.621	228.282
Retail and catering on board	127.187	100.344
	379.808	328.626
The activity is solely related to the ferry activities till and from Helsingør in Denmark		
3 Other operating income		
Rental Income	811	634
Fixed costs compensation (Covid-19 government grants)	14.128	13.434
Wage compensation (Covid-19 government grants)	0	5.296
Other income	3.326	3.054
	18.265	22.418

Notes to the Financial Statements

	2021 <u>TDKK</u>	2020 <u>TDKK</u>
4 Staff expenses		
Wages and salaries	73.989	75.492
Pensions	9.017	9.599
Other social security expenses	1.663	1.345
Other staff expenses	2.434	3.167
	<u>87.103</u>	<u>89.603</u>
Average number of employees	<u>199</u>	<u>220</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
5 Distribution of profit		
Proposed dividend for the year	75.000	48.000
Retained earnings	-24.135	385
	<u>50.865</u>	<u>48.385</u>
6 Fee to auditors appointed at the general meeting		
In accordance with the Danish Financial Statements Act section 96, paragraph 3, fees to statutory auditors is not disclosed as the information is disclosed in the Annual Report for the ForSea AB Group, in which the Company is fully consolidated.		
7 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	44.111	39.371
	<u>44.111</u>	<u>39.371</u>

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
8 Financial income		
Interest received from group enterprises	41	88
Exchange currency adjustments	220	7.936
	261	8.024
9 Financial expenses		
Other financial expenses	4.379	4.078
Exchange currency adjustments, expenses	4.917	460
	9.296	4.538
10 Tax on profit/loss for the year		
Current tax for the year	3.384	2.340
Adjustment of tax concerning previous years	-686	2.194
	2.698	4.534
11 Intangible assets		Software TDKK
Cost at 1 January		13.329
Additions for the year		0
Transfers for the year		1.257
Cost at 31 December		14.586
Impairment losses and amortisation at 1 January		5.069
Amortisation for the year		1.864
Impairment losses and amortisation at 31 December		6.933
Carrying amount at 31 December		7.653
Amortised over		3-7 years

Notes to the Financial Statements

12 Property, plant and equipment

	Land and buildings	Harbour facilities and installations	Vessels	Property, plant and equipment in progress	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	124.784	265.067	730.823	5.332	1.126.006
Reklassifikation	0	-25.362	25.362	0	0
Additions for the year	0	0	0	24.124	24.124
Disposals for the year	0	0	-14.090	0	-14.090
Transfers for the year	668	4.830	20.313	-25.811	0
Cost at 31 December	125.452	244.535	762.408	3.645	1.136.040
Impairment losses and depreciation at 1 January	80.554	126.381	545.132	0	752.067
Adjustment	0	-13.738	13.738	0	0
Depreciation for the year	2.453	7.716	34.334	0	44.503
Reversal of impairment and depreciation of sold assets	0	0	-9.687	0	-9.687
Impairment losses and depreciation at 31 December	83.007	120.359	583.517	0	786.883
Carrying amount at 31 December	42.445	124.176	178.891	3.645	349.157
Depreciated over	5-50 years	4-50 years	2-30 years		
Including assets under finance leases amounting to	0	0	46.814	0	46.814

13 Investments in subsidiaries

	2021 TDKK	2020 TDKK
Cost at 1 January	0	0
Additions for the year	2.982	0
Cost at 31 December	2.982	0
Value adjustments at 1 January	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	2.982	0

Notes to the Financial Statements

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
ForSea Management A/S	Helsingør	500	100%	3.109	127

14 Inventories

	2021 TDKK	2020 TDKK
Finished goods and goods for resale	997	1.169
	997	1.169

15 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

16 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:

Lease obligations

After 5 years	27.584	36.516
Between 1 and 5 years	33.255	31.671
Long-term part	60.839	68.187
Within 1 year	7.348	6.998
	68.187	75.185

Other payables

Between 1 and 5 years	4.295	4.557
Long-term part	4.295	4.557
Other short-term payables	13.247	14.477
	17.542	19.034

Notes to the Financial Statements

	2021 TDKK	2020 TDKK
17 Contingent assets, liabilities and other financial obligations		
<i>Pledged securities</i>		
The following assets is provided as collateral for loans from credit institutions:		
Vessel	132.077	132.771

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

A negative pledge of TDKK 253.721 is issued on the vessel M/V Tycho Brahe in respect of facilities agreement with SEB AB.

18 Related parties

ForSea Helsingør ApS immediate parent undertaking is ForSea AB. First State European Diversified Infrastructure Fund FCP-SIF, an investment fund managed by First State Investments Fund Management S.à r.l., is considered the ultimate parent undertaking.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Forsea AB
Bredgatan 5
Helsingborg
Sweden

Consolidated Financial Statements

Notes to the Financial Statements

18 Related parties (continued)

The company is included in the consolidated report for the parent company

<u>Name</u>	<u>Place of registered office</u>
FS Infrastructure S.á.r.l.	6 Rue Jean Monnet, Luxembourg, Luxembourg
Forsea AB	Bredgatan 5, Helsingborg, Sweden

The Group Annual Report of FS Infrastructure S.á.r.l. may be obtained at the following address:

6, Rue Jean Monnet
Luxembourg, 2180
Luxembourg

The Group Annual Report of Forsea AB may be obtained at the following address:

Bredgatan 5
Helsingborg
Sweden

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Forsea Helsingør ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of ForSea AB, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Forsea AB, the Company has not prepared a cash flow statement.

Recognition and measurement

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Information on business segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

19 Accounting Policies (continued)

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other operating income

Other operating income primarily consists of government grants, such as economic stimulus packages, are recognised when it is reasonably certain that the Company complies with the conditions for receiving the grant, and it is reasonably certain that the Company will receive the grant. The grant is systematically recognised in the income statement over the period to which it relates, or immediately if the grant is not conditional upon incurrence of future costs or investments. Government grants are recognised as other operating income, or in the balance sheet if the purpose of the grant is investment in an asset.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

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 intangible assets and property, plant and equipment.

Financial income and expenses

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

Notes to the Financial Statements

19 Accounting Policies (continued)

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Software acquired is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

Land and buildings	40 years
Habour facilities and installations	3-40 years
Vessels	11-30 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

19 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and 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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$