



ANNUAL REPORT 2021

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Chairman of the meeting



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MANAGEMENT COMMENTARY

REINFORCING INDUSTRY LEADERSHIP DEVELOPING DIGITAL CUSTOMER SERVICES

In 2021, Wrist further consolidated its position as the world's leading supplier of marine provisions and stores to the ship and offshore industry, not least through strategic transition and the development of customized digital solutions across the Group. This yielded tangible results, strongly leveraged by dedicated employees who have embraced these customized digital solutions and initiatives to secure a future proof industry.

We succeeded in increasing business volume and revenue in the ship supply business and improving the underlying operating profit. Several major, global customer frame agreements were expanded and landed despite the turbulent market development, characterized by food and steel price inflation, global supply chain challenges and historically high ocean freight rates – all leading to general cost increases and volatility.

In 2021, we continued to explore new opportunities for growth and acquisition, and in February 2022, we finally concluded the acquisition of the ship chandler, Centralam Panama, based at the Panama Canal. In acquiring Centralam Panama, Wrist has expanded its global reach and secured a foothold at one of the world's most important maritime crossroads.

Increased revenue and operating profit

Our consolidated revenue for 2021 totalled DKK 4.5bn, up 2.0 % from 2020. Gross profit decreased slightly in 2021 to DKK 1,166m from DKK 1,182m in 2020, resulting in a drop in the gross profit ratio to 26.1% compared to 27.1% in 2020. The primary driver for the lower ratio was the long run effects of COVID-19, including food and steel price inflation, high freight rates, and supply chain disruptions as well as a time lag in compensation from customers for these external cost increases.

Operating profit (EBITA) arrived at DKK 155.5m compared to DKK 142.2m in previous year. A like-for-like comparison of EBITA for 2020 and 2021 revealed an increase of 9.4% or DKK 13m as the result of strategic adjustments, including optimized sourcing and sales pricing strategies.

The Group's equity stood at DKK 932m at the end of 2021, up DKK 105m compared to 2020.

Customer centricity

In 2021, we intensified our efforts on customer centricity to enforce scaling, automation, and end-to-end efficiencies. We continued the development of the Wrist operating model, aiming at a strong frontline management supported by global and regional centres of excellence. 2021 saw the expansion of the centralized shared services operation based in Manila to meet our customers' need for standardized and digitalized services. This expansion made us even more efficient and agile in meeting our customers' demand for lower product costs, ordering, and paying.

Digital game changers

With the founding and funding of a new digital marketplace, Source2Sea, Wrist has taken ship supply to the next level through the elimination of the analogue friction that still plagues marine procurement and supply. Source2Sea is a multi-supplier marketplace that facilitates marine procurement and supply

between maritime buyers and suppliers, increasing convenience and transparency throughout the ecosystem all while reducing costs. Source2Sea operates independently of the Wrist Group with Wrist Ship Supply as a major supplier of provisions and stores as well as logistics. Investments to strengthen operational capabilities and infrastructure in the remaining business were also prioritized during 2021. Our business area of Marine Logistics saw the launch of an online customer portal providing customers with 24/7 logistics updates in real time, transparency in logistics, and an overview of the entire delivery process.

In 2021, we also continued the innovation of the business area of Provision and Stores Management with the planning of a new online ordering platform. The platform is designed for smart ordering and stock management, and we expect it to be fully launched in August 2022.

On a Group level, we have strengthened our pool of talents within master data, business intelligence, and pricing with the aim to enforce the data-driven journey providing customers with real time data for optimized purchasing.

Outlook for 2022

Expectations to the green transition within the maritime and offshore industries are higher than ever. With thousands of different products and solutions delivered to seafarers around the world, we are aware of our contribution to the climate footprint.

In 2021, we launched our first environmentally friendly product line, Aware, to meet our customers' increasing need for responsible stores and provisions. The go-to-market initiative is strongly supported by an ESG-strategy to be launched in 2022 that will support business growth.

We remain committed to leading the digitalization in our industry to provide our customers with convenience, efficiency, and data transparency in their everyday procurement. We will continuously explore new opportunities for serving our customers through innovation and technology, thereby fuelling both organic growth and acquisitions to sustain our leading position.

Overall, Wrist anticipates organic growth in sales in local currencies, benefitting from the Group's strong market position and constant enhancements of its business model, and expects total sales to grow to around DKK 4.7-4.9bn and an increase in the operating profit (EBITA) to DKK 240-265m. The Russia-Ukraine war will give more supply chain disturbance and price volatility and can impact the expectations in addition to normal outlook uncertainty.

WRIST AT A GLANCE

About us

Wrist is the world's leading ship and offshore supplier of marine provisions and stores with a market share of approximately 9%. Wrist is the only stores and provisions marine supplier with a global network of supply operations. Wrist also offers services within owners' goods and spare parts logistics and distribution combining deliveries to vessels.

Wrist is leading the digitalization agenda of the maritime supply industry. We offer 24/7 global online sourcing and logistics, providing data transparency, automation, and convenience to customers.

We continuously work on reducing our own climate impact, while at the same time meeting our customers' growing demand for responsible solutions and services.

From 38 locations worldwide in all major shipping locations, 1,600 Wrist employees take pride in making it easy for customers to order and receive supplies – where and when they are requested

wrist.com

FINANCIAL HIGHLIGHTS AND KEY RATIOS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
DKK'000 and ratios					
Net sales	4,457,695	4,369,787	4,657,976	4,276,511	4,101,471
Gross Profit	1,165,635	1,182,059	1,230,711	1,092,305	1,000,203
Operating profit (EBITA)	154,772	141,630	160,164	178,865	157,495
Earnings before interest and tax (EBIT)	122,073	98,333	120,258	149,214	135,867
Profit from financial items	-97,717	-125,267	-120,046	-88,523	-65,666
Net profit	11,347	-28,170	-6,808	35,904	48,649
Inventories	304,053	237,721	254,471	241,400	233,962
Trade receivables	812,568	659,736	799,041	787,459	651,762
Total assets	3,305,069	3,119,668	3,316,161	2,894,889	2,670,904
Equity	898,432	838,474	919,747	910,161	937,232
Invested capital including goodwill	2,170,849	2,039,995	2,234,777	1,785,141	1,750,405
Net interest-bearing debt (NIBD)	1,326,481	1,249,764	1,355,929	910,616	787,837
Cash flow from operating activities (CFFO)	67,894	240,026	139,930	201,311	54,993
Cash flow from investing activities (CFFI)	-74,035	-36,867	-59,136	-225,277	-41,312
Net investments excl. business acquisition (CAPEX)	-75,996	-37,690	-11,576	-28,879	-82,624
Acquisition of property, plant and equipment	-9,413	-10,304	-19,675	-12,500	-24,538
Number of employees, average	1,397	1,467	1,472	1,361	1,279
Performance ratios (%)					
Gross margin	26.1	27.1	26.4	25.5	24.4
Operating margin (EBITA)	3.5	3.2	3.4	4.2	3.8
Return on invested capital	7.4	6.6	8.0	10.1	9.3
Return on equity	1.3	-3.2	-0.7	3.9	5.2

In 2019, IFRS 16 leases were implemented from 1 January 2019 without restating comparative figures for 2017-2018.

Definitions of financial highlights and key ratios

Financial highlights are defined and calculated in accordance with the latest version of the recommendations and ratios issued by the Danish Finance Society.

Ratios		Calculation formula	Ratios reflect
Gross margin (%)	=	$\frac{\text{Gross profit} \times 100}{\text{Net sales}}$	The enterprise's operating gearing
Operating margin (EBITA) (%)	=	$\frac{\text{EBITA} \times 100}{\text{Net sales}}$	The enterprise's operating profitability
Return on invested capital (%)	=	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the enterprise on investors' funds
Return on equity (%)	=	$\frac{\text{Profit/(loss) for the year Excl minority interests} \times 100}{\text{Average equity excluding non-controlling interests}}$	The enterprise's return on capital invested in the enterprise by the owners

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortization of intangible assets including goodwill and less other provisions. Accumulated impairment losses on goodwill are not added.

Net interest-bearing debt is defined as interest-bearing liabilities, net of interest-bearing assets and including cash.

REINFORCING GROWTH AND DIGITALIZATION

The deployment and execution of the strategy launched in 2018 and revamped in the second half of 2019, intensified during 2020 and 2021, and significant resources were added to the implementation.

Our first experiences with the execution of the current strategy (during 2019) led to us further strengthen the initiatives of Ship Supply, particularly within Sales Excellence and Operational Excellence – initiatives that were truly transformational. This strategy extended the timeline into 2022, and we are currently developing the next strategy for end 2022-2026. Compared to 2020 and 2019, the current strategy drove substantially improved results in 2021 within the Ship Supply part of our business – despite COVID-19.

This progress has not come without substantial investment in the business, where we have added resources in Global and Regional Sales and Marketing, Global and Regional Procurement, Pricing, Tender Management, Data Analytics, IT and Business Intelligence to support the front line.

The cornerstones of Wrist's strategy are:

- Trusted solutions – provide the best-in-class and most trusted supply solutions for customers underpinned by best-in-class strong operational capabilities, processes and business systems facilitating great, cost-efficient servicing of customers.
- Scope and scale benefitting customers – drive scale and scope benefits through data-driven insights helping to deliver cost-efficient service and solutions to customers.
- Digital – offer easily accessible and novel services, increasingly embracing and actively driving the potential of digital solutions.
- Leading edge – continue to build our leading edge as the only global ship supplier with substantial operations in North America, Central America, Europe, the Middle East, and Asia through both organic and acquisition growth, thus offering customers a unique, global value proposition.
- Employ, develop, inspire, motivate, and retain a diverse team of global Wrist colleagues.

The continued development of the Wrist operating model aims at a strong frontline management supported by scope and scale functions in global and regional centres of excellence. Standardized and digitalized services have been implemented to deliver improved service and become more efficient, agile, and customer-focused, and to make Wrist future-proof. In November 2021, part of the Accounts Payable and the Accounts Receivable activities were centralized in the shared services operation in Manila, the Philippines to improve our competitiveness and meet our customers' demand for lower product costs, standardized services, and easy customer ordering and payment.

Global footprint

For more than a decade, it has been a part of Wrist's strategy to take a leading role in the global consolidation and development of a traditionally fragmented ship supply industry. Consequently, Wrist is continuously exploring new opportunities for serving customers through innovation and technology, thereby fuelling organic growth, acquisitions, and start-ups.

In 2021, we explored new acquisition opportunities and finally in February 2022, we completed the acquisition of the ship chandler, Centralam Panama, based at the Pacific side of the Panama Canal. In acquiring Centralam Panama, we are expanding our global, operational, commercial, and procurement network and thus our unique global offering at one of the world's most important maritime crossroads.

Digital marketplace for marine supply and procurement

2021 marks the foundation and funding of Source2Sea as the go-to, online, sourcing marketplace. It is an open multi-supplier marketplace facilitating ship marine procurement and supply between maritime buyers and suppliers through online customized product catalogues. Source2Sea streamlines the way shipping companies get their ship supplies, spanning contracting, procurement, payment, and delivery.

With Source2Sea, we aim to empower crews and purchasers as well as incentivize suppliers, all while reducing costs and increasing convenience, transparency, and automation throughout the ecosystem.

The marketplace has been developed in close collaboration with and for leading industry players on both the supply and demand sides. Source2Sea has been built without leaving anyone out. Global provisions, stores, bonded items, and spare parts – Source2Sea takes pride in facilitating a broad range of products and solutions, offering purchase and order insight, track and trace, data analysis, and benchmarking.

Digital journey

Digital interaction with customers and vendors is key to maintaining our position as the world's leading ship and offshore supplier.

In addition to our new, innovative digital marketplace, digital solutions introduced in 2021 include:

Online ordering platform

Our business area of Provision and Stores Management initiated the development of a new online ordering platform designed for smart ordering and stock management procuring. The ordering platform will provide logistics analytics, transparency, data, and insights for our customers to get direct access to real time data on their spend composition, behaviours, etc.

Marine logistics customer portal

Our Marine Logistics business area launched a new dynamic platform in 2021 to provide our customers with real-time updates and an overview of their entire delivery process. The portal is developed to meet current and future needs of our customers, supporting the demand for a higher level of digitalization.

Heading into a new strategy period

With a continuous development of our operating model, we have reached targets to increase sales from contractual commitments as well as significantly increased sales from digital interfaces.

Investments in operating platforms and system implementations enable us to comply with digitalized customer and vendor solutions – the strategic platform for future growth is well-established.

Looking into a new strategy cycle, new goals are set, and it is our ambition to:

Accelerate our globally leading position as the number one trusted partner of integrated marine supply and logistics services by spearheading the digital evolution, offering stand-alone services as well as integrated and sustainable solutions.

TOWARDS THE NEXT LEVEL OF SHIP SUPPLY

In 2021, our Ship Supply business area provided strong customer service, aiming at the development of strategic ambitions for customer excellence even further. 2021 was also characterized by continuous turbulence in the shipping industry, but even so, Ship Supply delivered a solid result.

Earnings for 2021 within Ship Supply improved compared to 2020. The improvement was driven by increased sales and gross margin. The gross margin leveraged despite higher costs in the supply chain due to inflationary impact added by supply chain challenges.

Navigation in stormy waters

World trade drove up the demand for improved infrastructure including container vessels, containers, container terminal capacity, etc. Infrastructure capacity has turned into a permanent struggle that results in global supply chain disruption and consequently extended lead times and instability.

For our customers, all this, combined with inflation, means that products and services have become more expensive.

At Wrist, we continuously seek closer cooperation with our customers at an earlier stage to mitigate the impact from supply chain challenges, while incorporating and practicing long-term planning wherever possible.

Customer excellence

In 2021, we saw an increase in customer needs for scale, global organizational resources, technology, strong infrastructure, and end-to-end services. Wrist's worldwide network is uniquely positioned to meet these demands.

We initiated the development of a central pricing model to establish an improved pricing approach and better guidance on pricing across customers, items, and categories – which is also in line with our digital strategies. This will provide our customers with the most cost-effective solution to their specific needs and requirements.

Focus on climate footprint

With thousands of different products and solutions delivered to seafarers around the world, we are aware of our impact on the climate. We are proud to have launched Aware in 2021 – Wrist's own co-brand to let our customers opt for:

- Eco-friendly solutions and services
- Premium quality in cooperation with recognized trademarks
- A product line that meets the increasing need for reducing our carbon footprint in the maritime industry.

We want to make it easy for our customers to be environmentally aware. With the aware product range, we provide responsible alternatives to the conventional products used in the maritime industry.

Global product quality standards

We have identified the need for a standard quality product range within hand tools and a premium quality product range for personal protective equipment. Throughout 2021, we developed two strong private labels, NJORD and Pontus:

- NJORD: a premium quality product line for personal protective equipment with high longevity
- Pontus: a standard quality tool line at a fair price complying with general market needs.

The introduction of private labels in Wrist is an important step for us to continuously develop strategic partnerships with our customers where price level and quality are well-known.

About Ship Supply

Ship supply remains at the core of Wrist's DNA. We supply a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. Wrist excels in marine logistics and utilizes a three-pronged global, regional, and local procurement supply chain to provide competitive costs. Our service concept comprises the bundling of provisions, stores, spare parts, and logistics needs, as well as global storing and forwarding.

Customers are keen to work with a partner that provides the scale, organizational resources, technology, and infrastructure required to deliver end-to-end services. Wrist's worldwide network is uniquely positioned to meet these wishes and demands.

Jens Holger Nielsen, Group CEO

“The challenges that have impacted global supply chains lately have tested our industry’s ability to be agile and flexible, and I am proud to say that we have received immensely positive feedback from our customers emphasizing their peace of mind when working with Wrist – also during challenging times. This is what we call expert care.”

DEVELOPMENT FOR IMPROVED EFFICIENCY AND DATA TRANSPARENCY

Outsourcing of provisioning to vessels has increased significantly over the years, enhancing procurement efficiency, reducing customers' overhead costs, and providing budget certainty while ensuring quality and the welfare of crews.

In their constant pursuit of cost savings in both shipping and the offshore sector, more and more ship owners and ship managers are moving towards outsourcing solutions. From our business area within Provision and Stores Management under the name of Garrets, we served more than 1,500 vessels all over the world during 2021, roughly 3% of the global fleet. Both businesses hold a firm focus on quality, based on agreed parameters, and are dedicated to the management of budgets. Long-term partnerships with customers are built through mutual trust and transparency.

Strong position in a challenged industry

2021 was characterized by continuous turbulence in the shipping industry. We saw high inflation, supply chain challenges, and high volatility in the tanker and bulk segments. We also experienced many vessels being sold or having a change in management.

Within our business area of Provision and Stores Management, we have invested considerably in digital solutions during the COVID-19 pandemic and are now in a strong position to benefit our customers from these investments.

Life at sea is about to get a whole lot easier

In 2021, we started the planning and scheduling of a new digital ordering platform to ensure a much faster and easier ordering process. The platform is designed for smart ordering and stock management and is expected to be launched in August 2022.

Along with the new digital ordering platform comes new analytics for our customers to get direct access to live data in regard to their spend composition, behaviour, etc. The platform will allow our customers to get access to data they do not have today. This data will enable even better decision-making on the management of customers' provisions and stores.

About Provision and Stores Management

We adhere to global food safety and quality standards. Approved suppliers are required to demonstrate their commitment to improving food standards and safety and to work in close partnership with both Garrets and NSF International, the leading global provider of public health and safety-based risk management solutions. Garrets is the only provisions and stores management partner that has a global supplier audit program.

In alignment with the Wrist Group's mission of "Expert care – making our customers' life at sea better and Wrist a great place to work", we seek to enhance crew welfare and retention through healthy menu planning, while also addressing the needs of multi-ethnic crews. By improving the service standards on board, we emphasize the importance of managing and monitoring health, hygiene, nutrition, allergens,

and special diets, as well as ways to facilitate, plan, and prepare attractive menus with a firm purpose of putting more food on the seafarer's plate.

To support these objectives, we provide training programs for chefs both ashore and online, conduct on-board galley assessments, and publish cookbooks and menu plans for every crew nationality.

Lars Bomholt, Managing Director

"The new digital ordering platform will allow us to develop closer and more transparent collaboration with our customers."

TOWARDS A LOWER-CARBON FUTURE

Having met the constantly evolving requirements of the offshore oil and gas and renewables market for more than 40 years, the Wrist Group is an important player in the market. The core of the business is to meet all customer needs for product supply – including increasing requirements in 2021 to reduce carbon emissions.

Our business area within Offshore Supply, under the name of Strachans, is the leading offshore supply brand in Northern Europe. Together with other entities of the Wrist Group in the US Gulf, Middle East, and Asia, we provide a wide range of services to meet the diverse and advanced customer requirements of the offshore sector. Offering a single supply source for all products, we hold stock of over 3,000 provision products. Other requirements are catered for by dedicated staff that will source just about any item.

Well-prepared for troubled waters

2020 and 2021 saw the offshore business having to deal with COVID-19, Brexit fallout for the UK, product availability issues, a hyper-inflation market, and for a period of time a depressed oil price.

Early actions taken by the business ensured that we were able to fully serve and support customers in these 'troubled waters', and are now well set to support what looks like a far more encouraging outlook for 2022. With confirmed repair and maintenance projects, increased drilling activity and renewables infrastructure development, we see more activity in 2022.

Future-proof business

The UK oil and gas industry has committed to halve operational emissions by 2030, supporting the development of carbon capture and storage (CCS), hydrogen production, and offshore wind.

Our business model has evolved to embrace oil and gas, wind and renewables, and carbon capture. By the end of 2021, renewables accounted for 2% of our turnover, with the segment expected to grow very fast by 2025.

A detailed strategy and blended operating model have been developed to fully support renewables, international supply, and traditional ship supply.

Working towards carbon neutrality is a key focus area for the business. With single use plastics now removed and emissions from operations and utilities having been reviewed, focus is now very much turning to the supply chain, to look into the way products are sourced and what responsible alternatives to conventional products are available.

New identity – same philosophy

To evolve and embrace the change in the offshore industry, Strachans has re-launched its brand, clarifying this evolution.

The new brand rationale respects the past, whilst launching a new symbol made up of three elements: gold 'S', waves, and wind.

Combined, the three elements form a logo and brand that symbolises moving forward towards the new era – a more sustainable tomorrow.

About Offshore Supply

Oil and gas remains the primary area of business, accounting for 80% of Strachans' turnover within Offshore Supply. Significant work has been carried out to extend contracts with key clients and this remains a focus area in 2022. Through strategically located distribution centres, we support anything from platforms with 300+ staff to platform supply vessels with a crew of 12, with a full range of products and services.

To ensure frozen and chilled products reach their final offshore destinations in excellent condition, we operate a fleet of over 200 icebox containers, preserving product temperatures for up to four days without an external power supply.

Direct deliveries to vessels at quayside are all managed through a fleet of dedicated Euro 5 multi-temperature vehicles ensuring product integrity through the entire supply chain.

Stuart Donaldson, Managing Director, Strachans

“In Strachans, we are well aware of the changes that are happening to both the energy sector and society as we work towards achieving carbon neutrality targets. We have a key part to play and are evolving the operating model to meet the demands of tomorrow.”

COMPETITIVE MARINE LOGISTICS SOLUTIONS

24-hour insight into the entire logistics process is now available to our customers, together with real-time tracking and customized data for each vessel and order. The launch of our WML online customer portal in 2021 supports the demand for a higher level of digitalization, efficiency, and transparency within marine logistics.

The Wrist Group runs its spare parts forwarding and logistics services in Wrist Marine Logistics (WML). WML is a global partner for all logistics services to ship owners and ship managers worldwide.

Counterbalancing skyrocketing freight rates

As mentioned, world trade increased – partly driven by COVID-19 – and drove up demand for infrastructure resulting in global supply chain disruption (container vessels, containers, container terminal capacity, etc.) and consequently extended lead times, instability, and much higher freight rates. At Wrist, we urge close cooperation at an earlier stage to limit possible delays and higher freight costs.

We find alternative logistics solutions where possible. To avoid expensive sea and air freight rates, we use road and rail transport whenever it creates the most value for our customers. With our online customer portal, customers can plan deliveries to minimize the number of deliveries to the vessel, consolidating their provisions, stores, and spare parts to reduce last mile costs significantly.

24-hour online logistics insights

The WML online customer portal was developed to meet the current and future needs of our customers. The portal also improves our internal workflows and streamlines our business. Stand-alone reports and separate emails have been replaced by online access and auto-generated notifications.

Each account is specially tailored to each vessel's demands, presenting a live status for each customer order in real-time data. The portal provides complete transparency for the entire delivery process as well as shipment history, delivery performance, and number of orders. All data is made available in the same place, in a seamless interaction between our customers and WML.

The customer portal also comes with a cost analysis module, allowing customers to break down the costs per kilo, in transport modes, and in cost groups. Further development of the online customer portal will include the calculation of carbon emissions as well.

About Wrist Marine Logistics

WML offers cost-efficient door-to-deck solutions (storage, pick-up, transport, and on-board delivery of ship spares) in all major ports and provides customers with the convenience of a single point of contact. We provide a world-leading logistics service which includes spares forwarding for a large variety of products and project freight, the coordination of complex operations involving out of gauge shipment of larger parts.

The solutions are unique in the sense that WML combines the global asset network of Wrist warehouses and last mile consolidated logistics with the capabilities of our own global network as well as strong local partners. The specialized logistics solutions are often combined with the supply of stores and provisions from Wrist – generating cost savings for the customer.

Frank Hjorth, General Manager, Wrist Marine Logistics

“Besides offering our customers a faster, more immediate way of getting their answer to a delivery date or a quote request, a self-service portal is a strong way of boosting our relationship with customers and reaching out to new potential customers.”

THE REVOLUTION OF SHIP SUPPLY

In 2021, the Wrist Group founded and funded Source2Sea as an independent start-up. Source2Sea is an open digital marketplace, facilitating trade between any supplier and buyer seeking unmatched efficiency, convenience, and data transparency – all to support the digital transformation the industry sorely needs.

The ship supply industry has only recently started adopting solutions driven by data and digitalization. We have therefore missed out on extracting the value which lies in the elimination of friction points in the analogue procurement and ship supply process. Source2Sea's digitalization of marine procurement and supply reduces complexity for buyers and sellers alike, enables lower total cost through greater efficiency, and will improve the quality of life for thousands of seafarers around the globe.

End-to-end digital solutions

In Source2Sea, we provide digital end-to-end solutions, starting on board the vessels with a custom-built catalogue, over the procurement office ashore, to the supplier's purchase order confirmation, invoice, and final delivery on board, spanning every category except bunker.

We will continuously develop value-added services, both to satisfy market demands and to bring innovative elements into the data-driven supply chain process. The value-added services will address current gaps in the market and be tailored to both buyers and suppliers. On the buyer side, procurement benchmarking, spend analysis, and journey planning are examples of services the market needs. On the supplier side, they seek for predictive procurement and trade financing instruments.

Our 'What you click is what you get' philosophy is at the core of everything we do – just like the experience from shopping online. We have seen that the market is ready to embrace ways to close the gap between traditional analogue business and technology. A key parameter is to drive the transformation and innovative approach, while at the same time developing the solutions in close partnership with customers. The most significant trends in the market support this. There is a clear focus to streamline, consolidate, and develop closer customer relations – both commercially and digitally.

Digital meets maritime

Source2Sea was publicly launched at the end of 2021, driven by a team of people with digital and maritime experience, to make sure we get the best of both worlds. The launch was accompanied by several marketing initiatives that all received good traction, which together with the relationships already established in the industry, will form the base for both the short and longer-term growth.

The first customers are lined and running trials on the platform. We will continue to develop the marketplace along with the expansion of the customer base – including priority of categories, geography, and other value-added services.

About Source2Sea

Source2Sea – built on the principle of 'What you click is what you get' – is the go-to, online, sourcing marketplace in the global ship supply industry. We are an open, customized multi-supplier marketplace facilitating ship marine procurement and supply between maritime buyers and suppliers, through online customized product catalogues. Source2Sea streamlines the way shipping companies get their ship suppliers spanning contracting, procurement, payment, delivery, and data.

Source2Sea aims to empower crews and purchasers as well as incentivize suppliers, all while reducing costs and increasing convenience, transparency, and automation throughout the ecosystem.

Mikael Weis, CEO Source2Sea

"The demand for digitalization in the marine industry is growing rapidly, and with Source2Sea we are building the solutions in partnership with our customers and suppliers, to close the gap between legacy business and technology."

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We and our shareholders are committed to carrying out business in a fair, honest, and ethical way across all business activities and global locations in the Wrist Group.

Our ESG activities help us to be recognized as a responsible market leader, business partner, local citizen, and workplace for both existing and future employees.

Environmental

At Wrist, we continuously work on reducing our own climate impact, while at the same time meeting our customers' demand for responsible solutions and services that increased significantly in 2021.

We have committed ourselves to reduce energy and waste in our own operations and also expect our suppliers and business partners to take this approach. With our global footprint, we endeavour to:

- Reduce the climate impact of our own operations, energy consumption for offices and warehouse facilities as well as fuel for vehicles, focusing on the reduction of greenhouse gases
- Prioritize circularity of resources within packaging, wrapping, and waste separation
- Launch and extend the range of new sustainable products and solutions.

In carrying out our business activities, we are of course complying with all relevant regulatory requirements, including environment and climate protection. We are currently working on the development of an ESG-strategy to be launched in 2022.

As a global company and market leader, we have the obligation – and ambition – to contribute to the transition towards net zero as fast as possible. We are also dedicated to being a socially responsible employer and global citizen. Through our solutions and products, we want to contribute to an environmentally sound responsible ship and offshore supply industry, including the reduction of food waste.

Food waste is a huge global concern, impacting climate, social, and economic issues. At Wrist, we are committed to ensuring a sustainable business practice, which includes distribution of the food surplus from our warehouses. Our branches in Aalborg, Long Beach, Las Palmas, Vancouver, and Peterhead donate excess food provisions to food banks, people experiencing food insecurities, and individuals in the local communities.

Time to be aware

With the launch of our first environmentally friendly product line, Aware, in 2021, responsible alternatives to the conventional products used in the maritime industry are now available.

Aware is:

- Eco-friendly solutions and services
- Quality products in cooperation with recognized trademarks
- A product line that meets the increasing need for reducing our carbon footprint and other environmental hazards in the maritime industry.

With thousands of different products and solutions delivered to seafarers around the world, we are aware of our contribution to the climate footprint. That is why we have introduced a new range of products reducing the climate footprint, including the Aware water in cartons instead of plastic bottles. Our Aware products will not save the seas overnight, but represent a responsible choice to conserve and use the oceans while caring for seafarers in a future perspective – starting from now.

- Wrist takes a strong approach to environmental and climate challenges for improved environmental performance and resource utilization.
- We strive to reduce the environmental and climate impact of our own business operations.

Social

We do our best to provide expert care for our colleagues and customers – ultimately the seafarers. Life at sea may be tough for the approximately 1.5 million seafarers worldwide due to demanding working conditions and long stays at sea. This means absence from family and friends, and in case of incidents, help is not always close at hand. COVID-19 has made this situation even more challenging. Making life at sea better for the seafarers is for the benefit of the entire society, as we need them to transport all the products and commodities needed in our daily lives.

Wrist supports charity organizations that help seafarers, including the International Seafarers' Welfare and Assistance Network (ISWAN). Each year, we mark the “Day of the Seafarer” on 25 June – a campaign run by the International Maritime Organization (IMO).

Inside Wrist Group, expert care also means that we:

- Conduct and encourage gender equality and diversity
- Support and enforce the health and safety of all colleagues to prevent health damage and avoid accidents and near miss accidents
- Encourage training and education of colleagues to leverage our digital skills and performance.

Diversity and talent management

Statutory statement on Corporate Social Responsibility in compliance with sections 99a and 99b of the Danish Financial Statements Act (Årsregnskabsloven).

Management

We are committed to achieving a sound and balanced composition of genders across the company, and the Board of Directors has approved a policy aimed at increasing the share of the underrepresented gender at all management levels. Training, development, and promotional opportunities are available to prepare colleagues for management positions.

This policy will be monitored and reviewed annually by the Board of Directors and progress compared to the stated intention is reported to the Board.

Wrist defines “Management” as:

- The Executive Board
- Managers reporting directly to the Executive Board
- Managers leading a team of two or more team members
- Specialists with company-wide impact.

The share of male and female managers was 69% and 31%, respectively, at the end of 2021. This is below the aim for 2021, yet an increase of 2% compared to the previous year. We have the same male-female ratio for managers as we have for the entire employee population, which is typical for our industry. Wrist will continue to work towards a higher level of managerial diversity, and the 2022 target is a proportion of 67% and 33%, respectively.

In support of our 2022 target, we will continue our range of initiatives to help managers embrace the target:

Talent acquisition and internal promotions

Ensure candidate lists for job interviews at all levels have an equal representation of qualified candidates from both genders, and when top candidates are equally qualified, to select a candidate of the underrepresented gender.

Talent development

Ensure that talents of the underrepresented gender are supported by training, development, and mentoring opportunities that will assist them in their professional growth. This includes specifically defining managerial development opportunities during the annual performance reviews.

At Wrist, we have a long tradition of graduate and trainee programs, and we endeavour to have diversity at an entry-level here as well.

Role models

Create a forum where the underrepresented gender may participate in activities (e.g., speeches at local focus groups) to gain insight and inspiration to develop their own career opportunities.

The overarching principle, however, remains to be the selection of the best-qualified person, irrespective of gender, race, age, or religious beliefs.

Board of Directors

At the beginning of 2022, Thomas Palm Westermann was added to the Board of Directors in replacement of Håkon Petter Samlin. Mr Westermann has highly specific international knowledge and experience among others within M&A.

In 2021, the gender composition at the Board of Directors level remained unchanged from previous years (0% female/100% male) and thus, the target for 2021 has not been achieved. The target is to achieve at least an 80/20 distribution between men and women before the end of 2022. The target is related to the owner's representatives and does not include employee representatives (if any).

Health and Safety

As also reflected in our Business Principles, we endeavour to ensure hazard-free workplaces for our colleagues, contractors, and others working in various locations by applying high standards of occupational health and safety. We strive to ensure the safety of products and services through efficient control systems.

Our Health and Safety policy is implemented by creating awareness around our safety instructions and providing training for our colleagues in safety. Protecting the health and safety of our colleagues is of highest priority, and by taking these measures, we manage to mitigate the risk.

Incidents

During 2021, the number of incidents shown below were reported:

Incidents of discrimination and corrective action	Incidents of work-related near-misses (near-misses are incidents that do not result in injury or ill health)	Incidents of recordable work-related injuries or work-related ill health (i.e., accidents)	Incidents of high-consequence work related-injuries or work-related ill health (i.e., accidents)	Incidents of work-related fatalities
4	27	32	2	0

The total number of incidents in 2021 amounts to 65, including near-misses. All incidents have been registered and actions have been taken to reduce the risk of repeating the incident.

Safety training

We prioritize the safety education and training of our colleagues. The type of training is dependent on the job content. The focus and priority are adapted across all our branches, so that we ensure that all colleagues get safely through the working day. All colleagues in our warehouses are required to complete training before operating machinery or being involved in the handling of hazardous materials.

As a principle, the day starts with a safety meeting in our warehouses with selected teams to raise and maintain safety as a part of the daily routines. Furthermore, we have regularly scheduled meetings where health and safety are discussed. In case of accidents, this is reported, and an evaluation is done to identify key training areas to improve the health and safety across the organization.

COVID-19

In terms of the COVID-19 pandemic, our Crisis Response Team continued our cautious approach in 2021. The Crisis Response Team enforced guidelines to work from home where possible, ensured distances, sanitizers, and face masks whenever we went to the workplace. We continuously informed colleagues about measures to minimize the risk of infection, while encouraging all colleagues to follow recommendations from local health authorities, including the COVID-19 vaccine program.

Anti-harassment

We have implemented an anti-harassment policy covering the entire Group to ensure a safe and welcoming work environment. The policy includes tools to report a breach and how such reports are handled.

Please refer to note 3 regarding employee numbers in Denmark and globally.

- Wrist has zero tolerance towards discrimination, of any type. We actively promote diversity by working towards fair representation of the underrepresented gender.
- We strive to ensure hazard-free workplaces for our colleagues by applying high standards of occupational health and safety.
- We encourage educational achievements, especially the leverage of digital skills to prevent the digital skills gap.

Governance

As our owner is a private equity fund (Altor Fund II GP Limited) and a member of Danish Venture and Private Equity Association (DVCA), we are committed to following the recommendations from DVCA or explaining why we do not follow these recommendations. Please note that the Annual Report is available on our website, wrist.com.

To promote the long-term interests of Wrist and our stakeholders, we maintain the highest legal and ethical standards in all business practices.

Wrist's ethical standards are rooted in the Group's culture, and every day we strive to fulfil the objectives to:

- Continuously run our business according to the Wrist Business Principles outlining our ethical standards
- Prioritize supply chain cooperation to ensure our suppliers adhere to the Supplier Code of Conduct
- Provide easy access to Wrist policies to ensure colleagues adhere to our global policies.

Business Principles

At Wrist, we have a set of Business Principles providing guidelines to increase transparency and describe the way we act while pursuing our business objectives. Our Business Principles are available here:

https://www.wrist.com/download/sustainability/business_principles.pdf

The Business Principles are incorporated in Wrist's general business practices when living out our mission of 'Expert care – making our customers' life at sea better and Wrist a great place to work', and they reflect the UN Global Compact as well as relevant regulations on anti-corruption, competition law, and international trade sanction regulations.

The Business Principles guide and direct team members and managers in essential matters such as:

- Relationships with authorities
- Transparency
- Anti-trust
- Anti-corruption
- Trade sanctions
- Anti-fraud and accuracy of accounting records
- Respect for generally recognized (internationally and locally) human and labour rights
- Employment practices.

The Business Principles represent the codification of the ethical standards we live by and promote in Wrist, and they are important cornerstones for the formulation and communication of Wrist's ethical position and policies.

Compliance Program

The overall Business Principles are further detailed in Wrist's Compliance Program, which covers the topics of:

- International trade sanctions
- Anti-bribery rules and principles
- Anti-trust rules/competition law
- General Data Protection (EU)

- Whistleblowing

During 2021, no incidents have been reported in any of the above areas.

The program complies with applicable rules and regulations and is tailored to Wrist and our industry, based on identified risk factors. Within each of these areas, the program comprises detailed written policies and procedures, as well as training program and internal controls.

The implementation of the Business Principles and the Compliance Program has generated an increased awareness among team members and managers of the importance of avoiding violations.

International trade sanctions

It is the policy of Wrist that all employees, officers, and companies must comply with applicable Export and Import Controls and Economic Sanctions of the US, the EU, and the UN, as well as with the regulations of respective countries in which Wrist operates. Colleagues are receiving training in international trade sanctions.

Anti-bribery rules and principles

Wrist operates worldwide, and from time to time in areas identified as high risk regarding corrupt practices. Furthermore, cash is still a means of payment used by vessels travelling at sea. Such risk factors, among others, have led us to pay special attention to the anti-bribery program. Colleagues are receiving training in anti-bribery rules and principles.

Anti-trust rules/competition law

Wrist believes in vigorous, yet fair competition. Colleagues must never be engaged in any anti-competition actions, and each employee must comply with this principle. Colleagues are receiving anti-trust/competition law training.

General Data Protection (EU)

Directions on the EU General Data Protection Regulation in relation to business activities in Wrist are included in our online compliance training. Colleagues are receiving training in data protection rules.

Whistleblowing

A Group whistleblowing system specifically tailored to the requirements of Wrist enables colleagues, management, and Board of Directors to report suspected breaches of its Business Principles, fraud, bribery, or other breaches of law anonymously with no risk of retaliation. The Whistleblowing Policy ensures that colleagues know how to react and how to report in the case of suspicion of a breach.

Data Ethics

Statutory statement on Corporate Social Responsibility in compliance with section 99d of the Danish Financial Statements Act (Årsregnskabsloven).

A Group policy for Data Ethics is aimed at colleagues as well as current and potential business partners. The policy for Data Ethics covers use of all data types and is thus not limited to the use and protection of personal data. The policy complements the principles of transparency and data minimization of the Data Protection Regulation, as well as rules on integrity and confidentiality. The policy also supplements policies on the handling of personal data, use of cookies, etc.

Human rights, labour rights, suppliers, and supply chain

All Wrist’s business activities are performed with respect for human and labour rights – for instance fair employment, dissociation from forced or compulsory labour and the use of child labour, freedom of association, the right to collective bargaining and freedom from discrimination.

Colleagues must act accordingly, and Wrist’s Business Principles constitute an essential reference in dealings with external stakeholders.

At Wrist, we strive to ensure that our suppliers comply with our ethics and standards as expressed in our Business Principles. We operate in many regulatory environments and expect our suppliers to act ethically and comply with applicable rules in all countries where business is conducted.

With a significant number of global suppliers from many different countries, there is a risk that Wrist cannot ensure completeness regarding the awareness and understanding of our Business Principles, but the efforts and initiatives will continue to be a natural part of the development of our supply chain.

- We maintain high standards of business ethics, including being fully compliant with relevant local and international legislation.
- We promote openness and transparency, and our partners and stakeholders are expected to comply with the same high legal and ethical standards and business practices as Wrist.

ESG development

During 2021, the development and formulation of a new ESG strategy was initiated. Just as our Business Principles reflect the UN Global Compact, our ESG strategy is being developed in alignment with relevant UN sustainable development goals:

Environmental

GHG emissions reduction Circularity of resources Sustainable products and solutions	<i>#13 Climate action</i> <i>#14 Life below water</i>
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Social

Gender diversity gap Health and safety Digital training and education	#5 Gender equality #8 Decent work and economic growth
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Governance

Supply chain cooperation Wrist Business Principles and ESG policies	#12 Responsible consumption and production #16 Peace, justice, and strong institutions
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We expect the new ESG strategy to be launched in the second half of 2022.

RISK MANAGEMENT

Wrist is exposed to various risks that may impact the Group's results, cash flow, financial position, and prospects.

Significant potential risk factors related to markets, business operations and financial markets are identified, monitored, evaluated, and reported on a continuous basis, and risk management is also integrated in the Group's strategic planning process. Management regularly monitors developments in identified significant risks and reports these to the Board of Directors, for them to follow the work of the management and make the necessary decisions to manage risks.

The company has instructions in place allocating work between the Board of Directors and the Managing Director, covering the entire Group, clarifying the duties and responsibilities as well as the framework within which the Managing Director can manoeuvre before Board approval is required.

Market risk

Market risk refers primarily to risk factors upon which the management can exert only limited influence in the short term, but which are addressed in its long-term strategic planning.

Industry prospects

Wrist offers its services to the shipping and offshore industry in numerous countries at the largest shipping lanes and offshore hubs, and this diversification mitigates risk. Wrist continuously monitors the development of the industries served to enable timely adjustments to its strategic planning.

Structural changes

Structural changes among onshore and offshore distributors and potential consolidation of providers of services to the shipping industry create opportunities as well as risks. Wrist monitors developments and adjusts its strategic and tactical planning accordingly.

Business risk

Business risk refers to overall risks relating to the current operations of the company.

Price fluctuations

To mitigate risks associated with fluctuations in costs, Wrist is continuously working to improve its sales pricing processes, to optimize its pricing of products and contractual agreements and manage inventory levels.

Customer retention

Wrist serves a large and diverse customer base, which is broadly distributed both geographically and in terms of supply solutions and products. This mitigates risk, as does the Group's focus on customer service. With its global key account management organization, Wrist has a thorough understanding of the needs of its customers and can develop initiatives to improve its offerings.

Financial reporting

Mitigation of the key risks relating to the Group's financial reporting is ensured through Group policies on financial management, a financial manual, internal controls, and the statutory audit. Wrist adheres to firm budgeting and reporting schedules and monitors the performance of its business units monthly. Structured business review meetings are also held monthly.

IT system availability

High-quality and reliable IT systems and data are important for the Group's order processing, warehousing, delivery of services, financial reporting, and accounting records. Wrist is continuously testing and developing the capacity, accessibility, reliability, and security of its IT systems to secure high performance.

Environmental risk

This category of risk relates to costs the Group may incur to reduce emissions according to new or stricter environmental legislation, to arrange more effective waste disposal, etc. To reduce these risks, the Group strives to stay within the boundaries set by local legislation, reduce emissions (and related costs), and promote biodegradable products to customers. The operations of the Group are not considered to have a significant environmental impact.

Political risk

Political risk is the risk that the authorities, in the countries where the Group operates, by political decisions or administration make continuation of operations difficult, expensive, or impossible for the Group. The Group mainly operates in countries where the political risk is considered negligible or minor.

Compliance with regulations

Wrist is committed to conducting business in compliance with all applicable laws and other regulation and to adhering to principles of good corporate citizenship in all countries in which it is active. The manager of each business unit, supported by Group functions, is responsible for monitoring and enforcing the Group's policies, as well as ensuring compliance with national legislation and local requirements. Wrist's Business Principles, related policies, and procedures are available to managers and team members to assist and direct them in carrying out their duties.

Financial risk

Financial risk factors refer to fluctuations in the Group's results, cash flows, or financial position due to changes in Wrist's financial exposure. The overall objective of risk monitoring and control is to ensure cost-effective financing and to minimize potential adverse impacts from market fluctuations.

Currency risk

Due to the international nature of Wrist's operations, the Group is exposed to currency risks. The Group's business activities are predominantly denominated in USD and GBP, while most credit facilities are denominated in DKK, USD, and GBP (currencies listed according to aggregated amounts).

Currency risk arises from transaction exposure, which relates to exchange rate fluctuations that affect currency flows related to the business activities, and from translation exposure related to the translation of the subsidiaries' financial statements from their local currencies to DKK.

The Group usually benefits from natural risk coverage, where sales and costs are both denominated in local currencies. Thus, overall, the transaction exposure is deemed to be limited.

Translation exposure, however, arises when the subsidiaries' financial statements in local currencies are translated into DKK, partly due to differences in the closing rates of the current year and the previous year, and partly because the comprehensive income statement is translated at the average rates of the year, whereas the statement of financial position is translated at the closing rates. Translation differences are reported against Other Comprehensive Income. The risk is largest for the currencies where the Group has the largest net assets and where the exchange rate movements against DKK are largest.

Interest rate risk

Changes in the interest levels may affect the financial results. The Group manages this risk by derivative financial instruments, e.g., interest rate swaps. Wrist aims to hedge most of its interest risk exposure for a period of three years.

Liquidity risk and refinancing risk

Liquidity risk is defined as the risk of the Group incurring increased costs due to lack of liquid funds, while refinancing risk is defined as the risk of the refinancing of maturing loans becoming difficult or costly. The loans of the Group are mainly long term.

Wrist maintains a healthy financial position, cash flow, and liquidity reserve. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements. Wrist has entered into a long-term committed financing agreement with a banking syndicate, enabling both current operations and planned expansion.

Credit risk

Credit risk consists of the commercial risk of bad debt, i.e., in case a customer is unable to pay for delivered supplies due to financial difficulties, and financial counterparty risk.

Wrist has an extensive range of customers in countries all over the world. From time to time a customer may face financial problems or go bankrupt as this is an inherent risk in the industries in which Wrist operates. However, no customer represents more than a minimal share of net sales and thereby represents a limited risk. The aggregate amount recognized under trade receivables in the balance sheet constitutes the maximum credit risk. Receivables relate primarily to shipping, ship management and catering companies.

Handling increased credit risk in the shipping industry, Wrist's global credit function monitors the creditworthiness of existing and new customers and assists in debt collection. Wrist conducts individual assessments of its customers' creditworthiness continuously via the centralized function.

Financial instruments potentially subject the Group to significant concentrations of counterparty risk. The Group limits this exposure by cooperating only with selected counterparties with high credit ratings.

Based on the internal competencies and close monitoring of risks by the management, the company has chosen not to have an audit committee.

FINANCIAL REVIEW

Sales

The volume of supplies to ships and offshore increased in 2021, which mainly is linked to the partial global recovery from the pandemic of COVID-19. The increase in sales is seen throughout most business activities and is sizeable in Ship Supply. This is also in line with the sales outlook in the annual report for 2020, where sales in 2021 is in the higher end of the outlook.

In total, and in reporting currency, the net sales increased 2.0%, amounting to DKK 4,458m compared to DKK 4,370m in 2020.

Gross profit

Gross profit decreased in 2021 to DKK 1,166m from DKK 1,182m in 2020. The gross profit ratio decreased to 26.1% compared to 27.1% in 2020. The primary driver for the lower ratio due to the massive increase we have seen in the international freight rates and the increased inflations.

Other operating income

Other operating income amounts to DKK 5m in 2021 compared to DKK 35m in 2020. In 2020 other operation income included government grants of DKK 29m, where the Group in 2021 not have received any government grants.

Other operating expenses

Other operating expenses amount to DKK 0m compared to DKK 10m in 2020. In 2020, the Group closed three warehouses that were no longer operating optimally and a total impairment of DKK 10m of the net right-of-use assets was booked.

Operating profit (EBITA)

The reported EBITA increased by DKK 13m from DKK 142m in 2020 to DKK 155m in 2021, which is an increase of 9.2%. The operating margin (EBITA) was 3.5% in 2021 compared to 3.2% in 2020.

When comparing the operating profit to the expectations from the annual report for 2020 (EBITA DKK 185-205m) the negative deviation is due to the COVID-19 impact, as some customer segments have been closed or partially closed in 2021. Further, we have had additional special expenses related to our investment in the digital business model and strategy implementation. Finally, our branch in New Orleans was closed for almost three months due to Hurricane Ida in early September.

Net profit

The net profit for the year was DKK 11m compared to DKK -28m in 2020. Management considers the profit level in the lower range of their expectations, but under the markets conditions in 2021 in an acceptable level.

The change in net profit compared to last year is due to higher operating profit, lower exchange rate losses while partly reduced by increased tax expenses.

Cash flows

The cash flow from operating activities decreased to DKK 68m in 2021 against DKK 240m in 2020. The net working capital as per 31 December 2021 was 350m, an increase of DKK 128m compared to 2020 working capital of DKK 222m. The working capital, as a ratio of sales, was 7.5% in 2021 compared to 5.4% in 2020.

Investments

Net investments amounted to DKK 95m including DKK 19m right-of-use assets compared to DKK 133m in 2020 including DKK 96m right-of-use assets.

Sale of property, plant and equipment amounted to DKK 2m against DKK 1m in 2020.

Invested capital aggregates to DKK 2,171m as per 31 December 2021 compared to DKK 2,040m last year.

Financial position

At 31 December 2021, cash and cash equivalents was DKK 134m and total available cash resources amounted to DKK 255m against DKK 363m at the same time the year before. Wrist has entered into agreements on long-term committed credit facilities enabling both current operations and planned expansion.

The net interest-bearing debt (NIBD) amounted to DKK 1,326m at 31 December 2021 compared to DKK 1,250m at the end of 2020. The increase is mainly related to the increased working capital.

The net interest-bearing debt as a ratio of EBITA stood at 8.6 by the end of 2021 against 8.8 the year before.

Subsequent events

After the end of the financial year, the parent company Wrist Ship Supply A/S acquired the share capital of Centralam International Holdings S.A in February 2022. Besides this there are no further significant post-balance sheet events to report.

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	2021 DKK'000	2020 DKK'000
Net sales	1	4,457,695	4,369,787
Cost of sales		-3,292,060	-3,187,728
Gross profit		1,165,635	1,182,059
Other external expenses	2	-299,168	-345,245
Staff costs	3	-608,390	-606,134
Other operating income	4	5,189	34,515
Other operating expenses	5	-4	-10,210
Depreciation and amortization	6	-141,189	-156,652
Operating profit before interest and tax (EBIT)		122,073	98,333
Profit from investments in associates		358	277
Financial income	7	6,408	5,572
Financial expenses	8	-104,125	-130,839
Profit before tax (EBT)		24,714	-26,657
Income tax	9	-13,367	-1,513
Net profit for the year		11,347	-28,170
Attributable to:			
Shareholders of W.S.S. Holding A/S		7,534	-28,968
Non-controlling interests		3,813	798
		11,347	-28,170

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Note</u>	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
Net profit for the year	11,347	-28,170
Other comprehensive income		
Items that can be reclassified to the income statement when		
Exchange differences, foreign entities	46,467	-52,616
Total comprehensive income	57,814	-80,786
Attributable to:		
Shareholders of W.S.S. Holding A/S	50,593	-77,759
Non-controlling interests	7,221	-3,027
	57,814	-80,786

CONSOLIDATED BALANCE SHEETS, ASSETS

	2021	2020
Note	DKK'000	DKK'000
Goodwill	10 1,359,502	1,318,478
Software	59,982	45,931
Other intangible assets	20,573	33,853
Intangible assets in development	36,651	3,343
Intangible assets	11 1,476,708	1,401,605
Land and buildings	12 15,861	20,212
Fixtures and equipment	12 30,721	35,782
Leasehold improvements	12 17,419	19,543
Ships	12 13,612	16,291
Leased assets	13 303,713	360,653
Property, plant and equipment	381,326	452,481
Investment associated companies	439	326
Deferred tax assets	15 56,674	45,735
Other non-current assets	57,113	46,061
Non-current assets	1,915,147	1,900,147
Inventories	304,053	237,721
Trade receivables	16 812,568	659,736
Receivables from group enterprises	31,123	25,719
Income tax receivable	11,328	8,547
Other receivables	79,530	67,148
Other financial assets	5,522	2,809
Other receivables	85,052	69,957
Prepayments	11,570	10,246
Receivables	951,641	774,205
Cash and cash equivalents	134,228	207,595
Total current assets	1,389,922	1,219,521
Total assets	3,305,069	3,119,668

CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2021 DKK'000	2020 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-18,522	-61,582
Retained earnings		827,964	819,078
Wrist Ship Supply's share of equity		816,484	764,538
Non-controlling interests		81,948	73,936
Total equity		898,432	838,474
Liabilities			
Deferred tax	15	24,730	24,247
Provisions	17	11,710	11,711
Debt preference shares to holders	18	351,081	315,500
Debt to mortgage credit institutions	19	934	1,037
Debt to credit institutions	19	723,437	735,685
Debt to group enterprises	19	45,405	44,637
Lease debt	19	247,758	298,207
Non-current liabilities		1,405,055	1,431,024
Installment of non-current debt next year	19	118,765	87,894
Provisions	17	539	112
Trade creditors		639,543	531,500
Corporate tax		19,901	9,174
Other payables	19, 20	222,289	221,096
Deferred income		544	394
Current liabilities		1,001,581	850,170
Total liabilities		2,406,636	2,281,194
Total equity and liabilities		3,305,069	3,119,668

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital DKK'000	Foreign currency translation adjustment DKK'000	Retained earnings DKK'000	W.S.S Holding's share DKK'000	Non- controlling DKK'000	Total DKK'000
Shareholders' equity at 1 January 2021	7,042	-61,582	819,078	764,538	73,936	838,474
Net profit for the year	0	0	7,534	7,534	3,814	11,348
Exchange differences, foreign entities	0	43,060	0	43,060	3,407	46,467
Total comprehensive income	0	43,060	7,534	50,594	7,221	57,815
Other changes	0	0	83	83	0	83
Gains on deal disposals on interests in subsidiaries	0	0	1,269	1,269	791	2,060
Shareholders' equity at 31 December 2021	7,042	-18,522	827,964	816,484	81,948	898,432
Shareholders' equity at 1 January 2020	7,042	-12,791	848,677	842,928	76,819	919,747
Net profit for the year	0	0	-28,968	-28,968	798	-28,170
Exchange differences, foreign entities	0	-48,791	0	-48,791	-3,825	-52,616
Total comprehensive income	0	-48,791	-28,968	-77,759	-3,027	-80,786
Other changes	0	0	-444	-444	-43	-487
Gains on deal disposals on interests in subsidiaries	0	0	-187	-187	187	0
Shareholders' equity at 31 December 2020	7,042	-61,582	819,078	764,538	73,936	838,474

Number of shares is 7,042 with the nominal value of DKK 1,000.

All shares are fully issued and paid up.

No dividend was declared in 2021 or 2020.

CONSOLIDATED CASH FLOW STATEMENTS

	2021	2020
Note	DKK'000	DKK'000
Profit before tax (EBT)	24,714	-26,657
Profit from investments in associates	-358	-277
Depreciation and amortization	141,189	156,652
Changes in working capital	21 -116,597	74,762
Adjustments for non-cash items	22 85,525	125,656
Cash flow from ordinary operating activities	134,473	330,136
Financial income	6,082	5,408
Financial expenses	-57,482	-70,835
Income taxes refunded/paid	-15,179	-24,683
Cash flow from operating activities (CFFO)	67,894	240,026
Acquisition etc. of intangible assets	-66,583	-27,386
Acquisition etc. of property, plant and equipment	-9,413	-10,304
Sale of property, plant and equipment	1,746	823
Dividend received	215	0
Cash flow from investing activities (CFFI)	-74,035	-36,867
Installments on loans etc.	23 -85,851	-81,207
Cash flow from group enterprises	767	0
Purchase/Sale of own shares	2,060	0
Other cash flows from financing activities	83	55
Cash flow from financing activities	-82,941	-81,152
Cash flow for the year	-89,082	122,007
Cash and cash equivalents at 1 January	207,595	107,477
Currency translation adjustments of cash and cash equivalents	15,715	-21,889
Cash and cash equivalents at 31 December	134,228	207,595

The cash flow statement cannot be derived from the published financial information only.

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NOTES TO THE CONSOLIDATED STATEMENTS

	2021	2020
	DKK'000	DKK'000
1 Net sales		
Europe	2,221,072	2,173,611
Northern America	1,115,289	1,244,885
Asia	611,812	596,475
Middle East and Africa	349,283	175,992
Other regions	160,239	178,824
	4,457,695	4,369,787
Hereof sales of services	103,884	96,341

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS. Revenue is split between geographical regions. This information does not amount to segment information to IFRS.

	2021	2020
	DKK'000	DKK'000
2 Fees to auditors appointed at the annual general meeting		
Statutory audit	3,498	3,705
Tax and VAT services	334	639
Non-audit services	697	1,405
Fee to auditors	4,529	5,749
Statutory audit (other auditors)	1,368	1,249
Other assurance engagements (other auditors)	0	76
Tax and VAT services (other auditors)	1,370	1,201
Non-audit services (other auditors)	345	411
Other fees	3,083	2,937
	7,612	8,686

	2021	2020
	DKK'000	DKK'000
3 Staff costs		
Wages and salaries and related expenses	509,076	510,463
Pension costs	24,995	23,873
Other social security costs	36,883	35,431
Other staff costs	37,436	36,367
	608,390	606,134
Global:		
Average number of full-time employees at 31 December	1,397	1,467
Number of full-time employees at 31 December	1,404	1,421
Denmark:		
Average number of full-time employees at 31 December	316	323
Number of full-time employees at 31 December	321	318

	Board of Directors DKK'000	Executive Board DKK'000	Other top manage- ment DKK'000	Total DKK'000
Remuneration	1,117	0	0	1,117
Salary	0	7,000	13,868	20,868
Bonus	0	3,917	2,439	6,356
Pension, company contributions	0	0	889	889
Benefits (car, housing, phone etc.)	0	535	1,077	1,612
Cost at 31 December 2021	1,117	11,452	18,273	30,842
Remuneration	1,204	0	0	1,204
Salary	0	8,544	12,793	21,337
Bonus	0	2,773	1,120	3,893
Pension, company contributions	0	0	839	839
Benefits (car, housing, phone etc.)	0	418	1,002	1,420
Cost at 31 December 2020	1,204	11,735	15,754	28,693

The Executive Board and a number of members of other top management in both the parent company and in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 100% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are similar to last year.

Certain employees and members of management have in the period 2012 to 2021 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2021 are exercisable at the time Wrist Ship Supply Holding A/S is sold or becomes listed. However, exercise also requires that certain thresholds for increase in the fair value of the shares in Wrist Ship Supply Holding A/S are achieved.

3 Staff costs continuing

As the warrants and shares are purchased by the employees at their fair value, no amounts related to the warrants or shares are recognized in the Wrist Ship Supply Holding A/S Group.

	<u>Warrants</u>	<u>Exercise prices DKK'000</u>
Number of outstanding warrants		
1 January 2020	1,326	64,808 - 120,015
Issue of new warrants	0	
Exercised by share subscription	0	
31 December 2020	1,326	64,808 - 120,015
Issue of new warrants	55	
Exercised by share subscription	0	
31 December 2021	1,381	64,808 - 123,963
Share valuation at 31 December 2021:		
Undiluted		157,957
Diluted		156,035

	<u>2021 DKK'000</u>	<u>2020 DKK'000</u>
4 Other operating income		
Rent income	4,141	4,286
Gain from sale of non-current assets	64	431
Government grants	0	28,995
Other income	984	803
	<u>5,189</u>	<u>34,515</u>

Governments in many countries have introduced measures to support entities during the pandemic. During 2020, the Group was entitled to the governments grants and fulfilled the conditions attached to receiving the grants. The grants were primarily received to compensate for salary expenses. The COVID-19 related government grants were included as other operating income.

	<u>2021 DKK'000</u>	<u>2020 DKK'000</u>
5 Other operating expenses		
Impairment	0	10,203
Other expense	4	7
	<u>4</u>	<u>10,210</u>

In 2020, the Group closed three warehouses as the supply chain was restructured in these locations. The restructuring resulted in an impairment of the net right-of-use asset and leasehold improvements as operation was transferred to other locations.

	2021	2020
	DKK'000	DKK'000
6 Depreciation and amortization		
Amortization of intangible assets	32,699	43,297
Depreciation of property, plant and equipment	20,136	23,260
Depreciation of leased property and equipment	85,184	85,114
Reversal impairment	-732	0
Leasehold improvements	3,902	4,981
	141,189	156,652
	2021	2020
	DKK'000	DKK'000
7 Financial income		
Interest income arising from Group enterprises	713	1,145
Interest income	5,101	4,200
Exchange rate adjustments	254	0
Other financial income	340	227
	6,408	5,572

All financial assets are measured at amortized costs, and hence all interest income is from financial assets measured at amortized cost.

	2021	2020
	DKK'000	DKK'000
8 Financial expenses		
Interest expenses	39,445	41,907
Exchange rate adjustments	0	14,216
Interest from leases	16,082	18,658
Other financial expenses	48,598	56,058
	104,125	130,839

All financial liabilities are measured at amortized cost, and hence all interest expenses are from financial liabilities measured at amortized cost.

	2021	2020
	DKK'000	DKK'000
9 Income tax		
<u>Current tax:</u>		
Current tax on profit for the year	18,504	14,853
Adjustment in respect of prior years	974	1,964
Total current tax	<u>19,478</u>	<u>16,817</u>
Adjustment of deferred tax asset/liability	-7,192	-18,083
Adjustment of deferred tax due to change in tax rates	-155	219
Adjustment of deferred tax asset/liability in respect of prior years	1,236	2,560
	<u>-6,111</u>	<u>-15,304</u>
Total income tax	<u>13,367</u>	<u>1,513</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

Reconciliation of tax rate		
Earnings before tax	24,714	-26,657
Calculated tax at Danish statutory rate of 22%	5,438	-5,864
Effect from difference in tax rate in foreign subsidiaries	680	2,482
Adjustment in respect of prior years	2,210	4,525
Effect from change in local tax rate	-155	219
Income/Loss from associates and expenses from subsidiaries	-901	-2,197
Change in tax legislation	-1	-1
Withholding taxes	0	16
Income / expenses not subject to tax	6,096	2,333
Tax charge	<u>13,367</u>	<u>1,513</u>
Effective tax rate (%)	<u>54.1%</u>	<u>-5.7%</u>

10 Impairment test

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. Based on management view of the Group, only one CGU is identified covering the entire Wrist Ship Supply Group. At 31 December 2021, the consolidated goodwill is booked at DKK 1,360m (2020: 1,318m), which is allocated to the CGU of Wrist. Wrist Ship Supply Holding Group performed impairment test of the carrying amount of goodwill at 31 December 2021 based on value in use. Impairment testing is performed in fourth quarter each year, based on the budgets or business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units. The expected future free cash flow is based on budgets, business plans and projections for subsequent years. Key parameters include gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2025.

Budgets and projections for the 2022-2025 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. The value for the period after 2025 takes in account the general growth expectations of the ship supply and offshore industries.

Growth rates are not expected to exceed the average long-term growth rate in the Group's market for supplying provisions to the global ship fleet, so a growth rate interval of 0.4-1.5% is used in the terminal period.

10 Impairment test continuing

The key assumptions from the impairment test of goodwill are as follows:

	Increase in EBIT 2022 to terminal period	Increase of Net Working Capital from 2022 until terminal period
2021		
Wrist Ship Supply Group	9.3%	9.3%
	Increase in EBIT 2021 to terminal period	Increase of Net Working Capital from 2021 until terminal period
2020		
Wrist Ship Supply Group	9.3%	9.3%

The impairment tests performed at 31 December 2021 for Wrist Ship Supply Group indicate significantly higher capital values of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factor.

	Goodwill	Software * intangible	Other intangible **	Intangible assets in development	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
11 Intangible assets					
Cost at 1 January 2021	1,311,052	157,850	105,667	3,343	1,577,912
Exchange rate adjustments	47,754	0	4,491	0	52,245
Additions	0	33,206	69	33,308	66,583
Disposals	0	0	-2,038	0	-2,038
Cost at 31 December 2021	1,358,806	191,056	108,189	36,651	1,694,702
Amortization at 1 January 2021	-7,426	111,919	71,814	0	176,307
Exchange rate adjustments	6,730	0	4,296	0	11,026
Amortization for the year	0	19,155	13,544	0	32,699
Reversal regarding disposals	0	0	-2,038	0	-2,038
Amortization at 31 December 2021	-696	131,074	87,616	0	217,994
Carrying amount at 31 December 2021	1,359,502	59,982	20,573	36,651	1,476,708
Cost at 1 January 2020	1,354,773	146,108	110,544	0	1,611,425
Exchange rate adjustments	-54,875	-829	-4,877	0	-60,581
Additions	11,154	12,890	0	3,343	27,387
Disposals	0	-319	0	0	-319
Cost at 31 December 2020	1,311,052	157,850	105,667	3,343	1,577,912
Amortization at 1 January 2020	458	91,374	54,369	0	146,201
Exchange rate adjustments	-7,884	-523	-4,465	0	-12,872
Amortization for the year	0	21,387	21,910	0	43,297
Reversal regarding disposals	0	-319	0	0	-319
Amortization at 31 December 2020	-7,426	111,919	71,814	0	176,307
Carrying amount at 31 December 2020	1,318,478	45,931	33,853	3,343	1,401,605

* Software purchased external.

** Other intangible assets are mainly customer relations acquired separately in business combinations.

	Land and buildings DKK'000	Fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Ships DKK'000	Total DKK'000
12 Property, plant and equipment					
Cost at 1 January 2021	60,705	206,521	55,592	36,878	359,696
Exchange rate adjustments	2,022	8,932	1,354	0	12,308
Additions	1,139	6,793	1,481	0	9,413
Disposals	0	-7,379	0	0	-7,379
Cost at 31 December 2021	63,866	214,867	58,427	36,878	374,038
Depreciation at 1 January 2021	40,493	170,739	36,049	20,587	267,868
Exchange rate adjustments	2,371	7,434	1,057	0	10,862
Depreciation for the year	5,141	12,316	3,902	2,679	24,038
Reversal regarding disposals	0	-6,343	0	0	-6,343
Depreciation at 31 December 2021	48,005	184,146	41,008	23,266	296,425
Carrying amount at 31 December 2021	15,861	30,721	17,419	13,612	77,613
Cost at 1 January 2020	64,537	218,796	55,551	36,707	375,591
Exchange rate adjustments	-3,889	-10,685	-2,131	0	-16,705
Additions	57	6,546	3,530	171	10,304
Disposals	0	-8,136	-1,358	0	-9,494
Cost at 31 December 2020	60,705	206,521	55,592	36,878	359,696
Depreciation at 1 January 2020	37,838	171,634	30,582	17,983	258,037
Exchange rate adjustments	-2,623	-8,893	-1,415	0	-12,931
Depreciation for the year	5,278	15,378	4,981	2,604	28,241
Impairment	0	756	3,222	0	3,978
Reversal regarding disposals	0	-8,136	-1,321	0	-9,457
Depreciation at 31 December 2020	40,493	170,739	36,049	20,587	267,868
Carrying amount at 31 December 2020	20,212	35,782	19,543	16,291	91,828

	Leased buildings DKK'000	Leased equipment DKK'000	Total DKK'000
13 Leases			
<i>Leased assets</i>			
Cost at 1 January 2021	419,930	97,519	517,449
Exchange rate adjustments	15,209	5,810	21,019
Additions	6,834	11,323	18,157
Disposals	-5,848	-7,877	-13,725
Cost at 31 December 2021	436,125	106,775	542,900
Depreciation and impairment at 1 January 2021	117,841	38,955	156,796
Exchange rate adjustments	5,219	2,817	8,036
Depreciation for the year	61,816	23,368	85,184
Reversal regarding disposals	-3,472	-6,625	-10,097
Reversal Impairment	-732	0	-732
Depreciation and impairment at 31 December 2021	180,672	58,515	239,187
Carrying amount at 31 December 2021	255,453	48,260	303,713
Cost at 1 January 2020	377,446	70,585	448,031
Exchange rate adjustments	-16,893	-4,696	-21,589
Additions	59,617	36,224	95,841
Disposals	-240	-4,594	-4,834
Cost at 31 December 2020	419,930	97,519	517,449
Depreciation and impairment at 1 January 2020	56,221	22,253	78,474
Exchange rate adjustments	-6,313	-2,134	-8,447
Depreciation for the year	61,948	23,166	85,114
Reversal regarding disposals	-240	-4,330	-4,570
Impairment	6,225	0	6,225
Depreciation and impairment at 31 December 2020	117,841	38,955	156,796
Carrying amount at 31 December 2020	302,089	58,564	360,653

Impairment is included in other operating costs.

13 Leases continuing

	2021	2020
	DKK'000	DKK'000
<i>Lease liabilities</i>		
Within 1 year	115,306	96,422
Between 1-3 years	171,359	152,814
Between 3-5 years	76,653	103,124
More than 5 years	81,794	104,745
Total undiscounted lease payments	445,112	457,105
Carrying amount at 31 December	332,022	386,000

	2021	2020
	DKK'000	DKK'000
<i>Leases recognized in the Income Statement</i>		
Income from subleases	4,141	4,286
Short-term ^{*)} and low-value leases expenses	5,379	4,287
Variable lease payment expenses and additional costs	6,136	5,223
Interest from leases	16,082	18,658

^{*)} Short term lease expense is related to contract with a lease period of less than 12 months.

14 Acquisition of companies

On 9 February 2022, the parent company, Wrist Ship Supply A/S, took over 100% of the shares of Centralam International Holdings S.A. The purchase price (initial cash consideration and deferred consideration) was agreed at DKK 35m in consideration. At this stage the PPA is in progress and the amount of the purchase price which exceeds the net assets will be recognised as goodwill. This will be incorporated in the 2022 annual report.

	Intangible assets DKK'000	Tangible assets DKK'000	Financial		Provisions DKK'000	Taxable losses DKK'000	Long term liabilities DKK'000	Short term liabilities DKK'000	Total deferred tax DKK'000
			non-current assets DKK'000	Current assets DKK'000					
15 Deferred tax asset and deferred tax liabilities									
Deferred tax at 1 January 2021	29,595	25,060	-3,086	-5,161	-3,589	-18,425	-42,559	-3,323	-21,488
Exchange rate adjustments	729	554	0	-406	-11	-670	-1,517	-305	-1,626
Charge to the income statement	945	-7,878	-1,637	-182	358	-4,004	4,397	1,697	-6,304
Adjustments to previous years (through the income statement)	-260	-1,266	0	66	27	2,805	-86	-184	1,102
Other adjustments	0	0	-2,619	0	-155	-854	0	0	-3,628
Deferred tax at 31 December 2021	31,009	16,470	-7,342	-5,683	-3,370	-21,148	-39,765	-2,115	-31,944
Deferred tax is presented in the balance sheet as follows:									
Deferred tax asset									56,674
Deferred tax liability									24,730
Deferred tax asset year end, net									31,944

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

Deferred tax at 1 January 2020	34,935	27,689	-3,361	-4,332	-3,831	-2,415	-48,072	-1,995	-1,381
Reclassifications	0	0	0	0	0	0	0	0	0
Exchange rate adjustments	-1,215	-25	0	187	4	272	1,746	191	1,160
Change from acquisitions	0	0	0	0	0	0	0	0	0
Charge to the income statement	-4,352	-5,266	-415	-720	43	-4,327	2,900	-1,770	-13,907
Adjustments to previous years (through the income statement)	22	2,662	689	-296	195	-1,749	867	251	2,641
Other adjustments	205	0	0	0	0	-10,206	0	0	-10,001
Deferred tax at 31 December 2020	29,595	25,060	-3,087	-5,161	-3,589	-18,425	-42,559	-3,323	-21,488
Deferred tax is presented in the balance sheet as follows:									
Deferred tax asset									45,735
Deferred tax liability									24,247
Deferred tax asset year end, net									21,488

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

	2021 DKK'000	2020 DKK'000
16 Trade receivables		
Trade receivables	774,542	621,042
Contract assets	55,143	56,816
Provisions for impairment of trade receivables	-17,117	-18,122
	812,568	659,736
Impairment losses at 1 January	-18,122	-16,353
Exchange rate adjustments	-635	685
Losses realized for the year	3,757	1,788
Provisions for bad debt for the year	-2,020	-3,106
Reversed, unrealized impairment of receivables	-97	-1,136
Impairment losses at 31 December	-17,117	-18,122

The expected credit losses in income statement amount to DKK 1,742k (2020: DKK 6,305k).
Reference is made to note 26 where the credit risk is described.

	31 Decem- ber 2021 DKK'000	31 Decem- ber 2020 DKK'000	1 January 2020 DKK'000
Contract assets			
Provision and stores management	55,143	56,816	62,670
Revenue recognized in the period from performance obligations satisfied in previous periods	56,816	62,670	

There is no impairment losses in the year.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

	Total DKK'000	Not past due DKK'000	Past due at 31 December 2021			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
			Trade receivables	829,685	518,202	108,756
Expected credit loss rate (%)		0.4%	0.5%	1.1%	3.5%	16.3%
Estimated total gross carrying amount at default	17,117	1,862	522	909	1,585	12,239

	Total DKK'000	Not past due DKK'000	Past due at 31 December 2020			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
			Trade receivables	664,658	411,190	91,520
Expected credit loss rate (%)		0.2%	0.6%	1.7%	4.8%	21.1%
Estimated total gross carrying amount at default	18,122	742	550	1,128	1,377	14,325

	Provisions for pension and pension- like liabilities DKK'000	Provisions for restoration liabilities DKK'000	Provisions for dismantling liabilities DKK'000	Provisions for onerous contracts DKK'000	Total provisions DKK'000
17 Provisions					
Provisions at 1 January 2021	794	7,654	3,375	0	11,823
Exchange rate adjustments	1	129	221	0	351
Increase	0	235	0	0	235
Discounting interests	0	155	51	0	206
Reversal	0	-367	0	0	-367
Provisions at 31 December 2021	795	7,806	3,647	0	12,248
Non-current provisions	796	7,516	3,398	0	11,710
Current provisions	0	290	249	0	539
Provisions at 1 January 2020	924	7,476	3,845	626	12,871
Exchange rate adjustments	-2	-175	-224	-64	-465
Increase	25	234	0	0	259
Discounting interests	0	165	52	0	217
Decrease	-153	-46	-298	-562	-1,059
Provisions at 31 December 2020	794	7,654	3,375	0	11,823
Non-current provisions	794	7,542	3,375	0	11,711
Current provisions	0	112	0	0	112

Provisions for pension and pension-like liabilities are where the Group is obligated to pay anniversary bonuses etc. Provisions for restoration liabilities are where the Group has an obligation to restore rented facilities upon vacating such facilities.

Provisions for dismantling liabilities are where the Group is obligated to dismantle assets placed in rented facilities.

Provisions for onerous contracts liabilities are where the Group is obliged to pay for unused leased premises.

18 Preference shares

DKK'000	2021 DKK'000	2020 DKK'000
Preference shares at 1 January	315,500	283,285
Loan and interest expenses preference shares	35,581	32,215
Preference shares at 31 December	351,081	315,500

Upon the preference right of the Class A1 shares having been satisfied, each Class A2 preference share, which have a par value of DKK 1,000, carry a preference right to distribution of proceeds to shareholders in an aggregate amount equal to the higher of the initial investment amount paid for the Class A2 preference shares with the addition of an accumulating compounding return 11% annually from the date of the initial issuance of the Class A2 preference shares, or 2.45% of the equity value of the entity on the date of payment of the proceeds.

None of the Class A1 or Class A2 preference shares carry any voting rights or right of representation at the annual general meeting.

The entity may issue, and the investors in preference shares have undertaken to subscribe for additionally 40 Class A1 preference share with a par value of DKK 1,000 provided that the entity's written demand for such additional subscription is received by the investors no later than 30 June 2019.

Upon the economical preference rights of Class A1 and Class A2 preference shares having been satisfied, any additional proceeds from the entity shall be distributed solely and unrestricted to the Class B shares (Ordinary shares).

	Payments due 1 year 2021 DKK'000	Payments due between 1-5 years 2021 DKK'000	Outstand- ing after 5 years 2021 DKK'000
19 Current and non-current liabilities			
Debt to mortgage credit institutions	101	405	529
Lease debt	84,264	193,542	54,216
Debt to credit institutions	34,400	723,437	0
Debt to group enterprises	0	45,405	0
Debt to preference shares holders	0	351,081	0
Trade creditors	639,543	0	0
Other payables	222,289	0	0
	980,597	1,313,870	54,745

Specification of contractual cash flows incl.
interest:

Debt to mortgage credit institutions	107	428	668
Lease debt	115,306	248,012	81,794
Debt to credit institutions	68,235	769,890	0
Debt to group enterprises	0	47,031	0
Debt to preference shares holders	0	422,243	0
Trade creditors	639,543	0	0
Other payables	222,289	0	0
	1,045,480	1,487,604	82,462

	Payments due 1 year 2020 DKK'000	Payments due between 1-5 years 2020 DKK'000	Outstand- ing after 5 years 2020 DKK'000
Debt to mortgage credit institutions	101	405	632
Lease debt	87,793	231,327	66,880
Debt to credit institutions	0	735,685	0
Debt to group enterprises	0	44,637	0
Debt to preference shares holders	0	315,500	0
Trade creditors	531,500	0	0
Derivatives	83	0	0
Other payables	220,525	0	0
	840,002	1,327,554	67,512

Specification of contractual cash flows incl.
interest:

Debt to mortgage credit institutions	107	428	668
Lease debt	96,422	255,938	104,745
Debt to credit institutions	36,110	770,151	0
Debt to group enterprises	0	46,263	0
Debt to preference shares holders	0	379,430	0
Other debt	518,300	0	0
Derivatives	83	0	0
Other payables	220,525	0	0
	871,547	1,452,210	105,413

	2021	2020
	DKK'000	DKK'000
20 Other payables		
Social security and other related expenses	63,278	76,363
Customer bonuses	89,443	82,662
Commissions	3,523	7,233
VAT	14,372	3,217
Other accrued expenses	51,673	51,621
	222,289	221,096

In 2020 the settlement of the earn-out related to the acquisition in 2019 was completed and the final settlement exceeded the estimation included in the initial PPA due to better financial results. It is our assessment that the initial PPA should have included this additional earn-out amount of DKK 11.2m and based on this we have considered this amount to be part of the PPA. In 2020 the amount of DKK 11.2m have been included at goodwill, reference is made to note 10.

	2021	2020
	DKK'000	DKK'000
21 Change in working capital		
Increase/decrease in inventories	-54,814	3,983
Increase/decrease in receivables	-140,826	150,607
Increase/decrease in trade payables etc.	79,043	-79,828
	-116,597	74,762

	2021	2020
	DKK'000	DKK'000
22 Adjustments for non-cash items		
Financial income and expenses	86,935	118,184
Gains/losses from sale of non-current assets	-64	-431
Change in provisions	-1,557	-2,300
Change in provisions from payments	211	0
Impairment	0	10,203
	85,525	125,656

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
	DKK'000	DKK'000	DKK'000	DKK'000
23 Reconciliation of liabilities arising from financing activities				
1 January 2021	1,052,222	101	386,000	1,438,323
Cash flows	237	-5,050	-81,038	-85,851
Non-cash change:				
Reclassification	-34,400	34,400	0	0
Additions lease liabilities	0	0	18,157	18,157
Foreign exchange movement	21,811	4,686	13,729	40,226
Other	35,582	364	-4,826	31,120
31 December 2021	1,075,452	34,501	332,022	1,441,975
1 January 2020	1,046,568	101	388,281	1,434,950
Cash flows	-782	-806	-79,619	-81,207
Non-cash change:				
Additions lease liabilities	0	0	61,702	61,702
Foreign exchange movement	-25,100	-10,352	-16,773	-52,225
Other	31,536	11,158	32,409	75,103
31 December 2020	1,052,222	101	386,000	1,438,323

24 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totalling DKK 1,036k (2020: DKK 1,138k). The book value is DKK 3,805k as at 31 December 2021 (2020: DKK 3,859k).

As security for the Group's credit facilities, W.S.S. Holding A/S has issued floating-charge and share pledge securities to Nordea for all material companies in Wrist Ship Supply A/S.

Joint taxation arrangement

The company participates in a mandatory Danish joint taxation arrangement with Wrist Adm A/S serving as the administration company. The joint taxation arrangement is according to normal Danish tax legislation and has included the Danish entities of OW Bunker Group due to common ultimate ownership. Due to the joint taxation, the Company has under Danish tax legislation from 1 July 2012 partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties, and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equalling the share of capital of the Company, which is owned directly or indirectly by the ultimate parent. The circle of jointly taxed companies has changed during 2014 due to changes in ownership of the OW Bunker Group when this was listed on NASDAQ OMX Copenhagen on 28 March 2014 and the subsequent bankruptcy of individual companies in OW Bunker Group at the end of 2014. This event have affected the partial joint and secondary liabilities in line with Danish tax legislation.

The Company has entered into an identification agreement for the benefit of its Danish subsidiaries pursuant to which the Company ultimately shall indemnify the underlying Danish subsidiaries for tax claims related to the OW Bunker Group for which the underlying Danish subsidiaries may have joint liability as described above. Income taxes relating to the income year 2013 for the previously jointly taxed sister company OW Bunker A/S in bankruptcy have been settled during 2017. At the time of financial reporting, no claim has been made against the Company or underlying subsidiaries which also participate in the joint taxation arrangement.

25 Contingent liabilities

The Group is involved in a few disputes, lawsuits, etc of various scopes. No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognized in the balance sheet.

26 Related parties and group relations

Related parties of the company are O.W. Lux SARL and their subsidiaries.

Altor Fund II GP Limited, Jersey controls O.W. Lux SARL.

Transactions with O.W. Lux SARL.

	2021	2020
	DKK'000	DKK'000
Financial items, net	1,955	1,876
Debt to group enterprises	45,405	43,449

All transactions were made on terms equivalent to arm's length principles.

27 Financial risks and financial instruments

All financial assets and financial liabilities in Wrist are measured at amortized cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss.

Derivatives are included in Other payables with carrying amounts of DKK 0k (2020: DKK 83k).

Financial risk management

Wrist manages its identified risks according to the risk management policies approved by the Board of Directors. The policies are reviewed and approved by the Board on an annual basis and include:

- Exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk

The Group has centralized its management and monitoring of risks and measures exposures on a frequent basis. The Group does not enter into speculation and the purpose of the risk management activities are to monitor and reduce the Group's exposures due to its operational, investment and financing activities.

In order to manage market risks (i.e., exchange rate and interest rate risks), the Group enters into plain vanilla derivatives such as FX forwards and interest rate swaps.

Each risk is described further below.

Exchange rate risk

The Group's business activities are predominantly based in USD, GBP, SGD and EUR, and many credit facilities are denominated in DKK, USD and GBP (currencies listed according to the size of aggregated amounts). Wrist aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which Wrist operates, and transacting in the functional currencies of the various business units. Therefore, most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the same currency. Consequently, material currency exposure for the Group is limited to EUR and translation risks related to foreign subsidiaries.

The Group's FX translation risk mainly relates to USD and GBP. At 31 December 2021 and 31 December 2020 no open cash flow hedge contracts was in place.

Fair value hedge accounting

In order to reduce the exchange rate risk, Wrist enters into FX forward contracts (buy EUR / sell DKK) on a rolling basis (i.e. new FX instruments are entered into every third month) and are designated as hedging instruments in fair value hedges of recognized EUR liabilities. There is an economic relationship between the hedged item and hedging instruments since terms of the FX forward match the terms of the EUR loan (i.e. notional amount, maturity, payment dates, etc.).

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

	2021	2020
	DKK'000	DKK'000
Impact on profit/(loss) from translation of net debt	2,410	6,938
Impact on equity from translation of investments in subsidiaries	54,645	49,832

Interest rate risk

Wrist primarily obtains financing with floating rates and are exposed to interest rate changes both in Denmark and abroad. The interest rate exposure is primary related to fluctuations to CIBOR and LIBOR. The Group's floating rate loans at 31 December 2021 came in at DKK 758,872k (31 December 2020 at DKK 736,823k). With regard to the Group's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of DKK 7,589k (2020: DKK 7,368k) and on equity of DKK 5,919k (2020: DKK 5,747k). A declining interest level would have had a corresponding positive impact on result and equity.

At 31 December 2021 and 31 December 2020 no open interest hedge contracts was in place.

The sensitivity analysis was based on the Group's exposure to floating-rate liabilities and derivatives at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

Cash flow hedge accounting

The Group enters into pay fixed/receive floating interest rate swaps in order to reduce the variability in future interest payments. At 31 December 2021 and 31 December 2020 no open cash flow hedge contracts was in place.

Liquidity risk

Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow monthly matches the planned cash needs. The entities in the Group have a positive cash flow monthly. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves. Reference is made to note 19 where the maturity of financial obligations is disclosed.

Credit risk

Credit risk mainly relates to trade debtors, other receivables, and cash at banks. The aggregate amounts recognized under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management, and catering companies. Credit risk associated with the shipping industry is handled by the global credit function, which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Fair values measurements

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group measures financial instruments fair value hedge at fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to hedge future cash flows of floating rate financing. Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates.

There has been no transfers between the levels in 2021 or 2020.

Specification of financial assets and obligations

	<u>Carrying value</u>	<u>Fair value</u>	<u>Carrying value</u>	<u>Fair value</u>
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>	<u>DKK'000</u>
Loans and receivables	1,424,787	1,424,787	1,253,609	1,253,609
Derivatives used as hedging instruments, level 2	0	0	83	83
Financial obligations measured at amortized cost	1,974,957	1,974,957	1,885,627	1,885,627

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognized in the consolidated financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Group's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2021, the Group's net interest-bearing debt comprise DKK 884m (2020: DKK 848m), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Group's guidelines and procedures for managing capital structure in 2021.

28 Events after the reporting period

After the end of the financial year the company Wrist Ship Supply A/S acquired the share capital of Centralam International Holdings S.A in February 2022. Besides this there are no further significant post-balance sheet events to report.

29 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 30, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The COVID-19 pandemic has also imposed in 2021 significant uncertainty to the financial statements. The pandemic has changed our reality and we have continuously adapted to new ways of doing business. Constant changes in government restrictions, new business practices, etc, has impacted Wrist and its business in general.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

During the year we have monitored our activity closely and the uncertainties have impacted our key accounting estimates and judgements as follows:

Valuation of inventories

The 2020 unstable market conditions, lock down of countries and/or regions continued into 2021 but towards the end of 2021 we have seen more stable conditions, but we still have increased risk towards our inventory. Other than the risk of slow-moving items, uncertainties have related to increased inventories. As part of managing the more complex setup and also the congestion of container ships in some US Ports have added some complexity to the inventory. The inventory have increased in 2021 which both is due to more stock on hand, but also due to increased purchase prices, significant higher freight rates and also exchange rates effects from inventories held in USD and GBP.

Valuation of receivables

The increased market uncertainty has increased the counterparty risk. As part of managing the increased credit risk, customer payment terms were reassessed and focus on cash collection increased. As part of the assessment, it was assessed if the pandemic has increased the risk on the expected credit loss measurement. Based on the development in 2021, and also taking the forward-looking element into consideration, the pandemic has not led to an increased risk.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill are disclosed in note 10.

Revenue recognition

Revenue for the sale of goods is recognized in accordance with IFRS 15, when Group has transferred control of the goods sold to the customer and it is probable that the Group will collect the consideration to which it is entitled for transferring the goods. Control of the products is transferred at a point in time, typically on delivery, which is upon delivery alongside the ship. As part of the Group's activities, Wrist offers a "Provision Management Service", where the global supply costs are settled through a fixed monthly invoice based on a victualling rate per man per day. However, Wrist has transferred control of the goods to the customer upon

delivery alongside the ship. Thus, the customer has legal title to and physical possession of the goods, all significant risks and rewards related to the goods have been transferred, including any risk of physical damage to the goods, and the customer has accepted the goods. Because of the possible disconnection between the timing of the delivery of the goods, the actual consumption of the goods by the ship and the invoicing of the victualling rate, there are some uncertainties as to the actual amount of consideration to which the Group will be entitled for the goods delivered. However, the uncertainty is not significant enough to warrant postponement of the recognition of the revenue. Thus, management expects that the consideration will in all cases cover Wrist's costs related to the goods delivered as a minimum. Therefore, revenue related to the unconsumed and not invoiced part of goods delivered is recognized at an amount that equals cost and included as a contract asset as part of the trade receivables.

Sales of goods through Wrist's "Provision Management Service" results in a situation, where part of the goods delivered is not consumed by nor invoiced to the customer.

Due to certain uncertainties related to the actual amount of consideration to be received for such goods, until the goods are consumed by the customer, revenues related to these goods are recognized at amount that equals cost. When the goods are consumed by the customers, any additional considerations are recognized as revenue. The corresponding amount in the balance sheet is presented as a contract asset as part of the trade receivables.

30 Accounting policies

The 2021 annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure. The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of Wrist Ship Supply Holding A/S (the parent company) and entities controlled by Wrist Ship Supply Holding A/S and its subsidiaries. Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Wrist Ship Supply Holding A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation are presented in accordance with the accounting policies of the Group.

On consolidation, intercompany income and expenses, intercompany accounts and dividends as well as gains and losses on transactions between the consolidated entities are eliminated.

The items in the financial statements of the subsidiaries are recognized in full in the consolidated financial statements.

Defining materiality

Our annual report is based on the concept of materiality, to ensure that the content is material and relevant to the readers. The consolidated financial statements consist of many transactions. These transactions are aggregated into classes according to their nature or function, and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of a similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial, and we provide the specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the readers of these financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit/(loss) as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit/(loss) as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The measurement basis is decided on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the

carrying amount of each asset in the unit. Any impairment of goodwill is recognized directly in profit/(loss). An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into DKK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. disposal of the Group's entire interest in foreign operations or disposal involving loss of control over a subsidiary that includes foreign operations, all of the exchange differences accumulated in equity in respect of such operations attributable to the owners of the parent company are reclassified to profit/(loss).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of foreign operations are treated as assets and liabilities of such foreign operations and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through interviews with key stakeholders in the main Group entities.

The measurement addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and IFRIC 23.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither

the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit/(loss), except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Income statement and statement of comprehensive income

Revenue recognition

Revenue from sale of goods is recognized when control of the goods has transferred to the customer, being when the goods are delivered to the customer. Delivery typically occurs when goods are placed along-side the customer's ship.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The payment terms are typically between 30 to 60 days and the transaction price is therefore not adjusted for the effects of a significant financing component. No special obligations in relation to warranties or return obligations compared to the industry.

Cost of sales

Cost of sales includes expenses incurred to purchase goods, adjusted for changes in inventories of goods for resale.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note 13).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this

practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined-contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Wrist Ship Supply Holding Group does not have any material defined-benefit plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of other long-term employee benefits mainly consist of jubilee obligations, and are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature viewed in relation to the Group's primary activities, including gains (losses) from the sale of tangible and intangible non-current assets.

Government grants

Grants that compensate for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which the expenses are recognized, unless the conditions for receiving the

grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable. Governments grants are recognized as other operating income.

Financial income and expenses

Financial income and expenses include interest, foreign currency gains and losses of payables and foreign currency transactions as well as amortization of financial assets and liabilities, including finance lease obligations and surcharges and refunds under the on-account tax scheme, etc.

Balance sheet

Intangible assets

Software is recognized initially at cost including the directly attributable cost of preparing the software for its intended use. Software is amortized on a straight-line basis over the estimated useful life (3-6 years).

Internally generated assets arising from development are recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources necessary to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of internally generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above, and comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Other intangible assets

Customer relations acquired separately in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Property, plant and equipment

Sites and buildings, leasehold improvements as well as other facilities, equipment and fixtures are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. Land is not depreciated.

If the acquisition or use of the asset requires the Group to incur costs for dismantling or restoration of the asset, the estimated costs of such measures are recognized as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less its residual value. The residual value is the expected amount that could be obtained if the asset were sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

The depreciation periods are as follows:

- Buildings, 20-40 years
- Fixtures and fittings, tools and equipment, 3-6 years
- Leasehold improvements, 3-7 years or the lease term if shorter
- Ships, 15-20 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/(loss) arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit/(loss).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Receivables

Receivables comprise trade receivables, contract assets, receivables from Group enterprises and other receivables.

On initial recognition, receivables other than trade receivables are measured at fair value less transaction costs and subsequently at amortized cost, which usually corresponds to the nominal value less write-down for bad debts.

Trade receivables are initially recognized at their transaction price, being the amount to which the Group is expected to be entitled.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets, except derivatives that are assets, are classified at amortized cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

Financial assets are assessed for indications of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Wrist Ship Supply Holding Group has historically not experienced material losses related to receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit/(loss).

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit/(loss) to the extent that the carrying amount of the investment.

An allowance for expected credit losses is recognized on initial recognition of all financial assets measured at amortized costs, and remeasured at each reporting date.

For trade receivables and contract assets expected credit losses are measured as lifetime expected credit losses.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. For trade receivables and contract assets that are considered credit impaired, the expected credit loss is determined individually.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

Loss allowance is calculated using a provision matrix that incorporates an ageing factor, geographical risk and specific customer knowledge. The provision matrix is based on historical credit losses incurred within relevant time-bands of days past due adjusted for a forward looking element. The forward looking element include consideration of country credit ratings, based on information from external rating agencies, and management's expectations related to future development in the market in question and economics in general if relevant.

Other financial assets relate to receivable from Group enterprises for which expected credit losses are measured at 12 months expected credit losses unless there has been a significant increase in the credit risk since initial recognition. No such increase in credit risk has been experienced, at expected credit losses related to receivables from Group enterprises.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortized cost. Amortization for the year is stated in the income statement.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the parent company's own equity instruments is recognized and deducted directly in equity. No gain/(loss) is recognized in profit/(loss) on the purchase, sale, issue or cancellation of the parent company's own equity instruments.

Financial liabilities

Financial liabilities in Wrist Supply Group are all classified as "other financial liabilities" measured at amortized cost except for liabilities related to derivatives entered into hedge future cash flows, which are classified as liabilities at fair value through profit/(loss).

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 27.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges and cash flow hedges, respectively.

Fair value hedges:

The fair value change on qualifying hedging instruments is recognized in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in financial items.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Segment information

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS.

In note 1, revenue is split between Europe and the rest of the world as well as into the sale of goods and services. This information is not segment information in accordance with IFRS.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables. Formation of leases are considered as non-cash transactions

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Profit before tax (EBT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Impact from new IFRS

The implementation of new or amended standards and interpretations that have come into force for financial statement preparers for 2021 has not resulted in any changes to recognition and measurement or to note disclosures.

At the date of the presentation of this annual report, a number of new or amended standards and interpretations exist that have not yet become effective and are therefore not included in the annual report. The new standards and interpretations will be implemented as they become mandatory.

PARENT

INCOME STATEMENTS

	Note	2021 DKK'000	2020 DKK'000
Other external expenses	1	-433	-269
Operating profit before interest and tax (EBIT)		-433	-269
Profit from investments in subsidiaries	2	48,277	10,184
Financial expenses	3	-41,766	-39,723
Profit before tax (EBT)		6,078	-29,808
Income tax	4	1,456	840
Net profit for the year		7,534	-28,968
Attributable to:			
Shareholders of W.S.S. Holding A/S		50,594	-38,607
Non-controlling interests		-43,060	9,639
		7,534	-28,968

PARENT

STATEMENTS OF COMPREHENSIVE INCOME

	2021	2020
Note	DKK'000	DKK'000
Net profit for the year	7,534	-28,968
Other comprehensive income		
Items that can be reclassified to the income statement when		
Exchange differences, foreign entities	43,060	-48,791
Total comprehensive income	50,594	-77,759

PARENT

BALANCE SHEETS, ASSETS

	Note	2021 DKK'000	2020 DKK'000
Investment in subsidiaries	5	1,283,734	1,192,397
Deferred tax assets	6	1,510	1,510
Other non-current assets		1,285,244	1,193,907
Total non-current assets		1,285,244	1,193,907
Receivables from group enterprises		0	341
Joint taxation receivable		1,456	1,394
Other receivables		0	359
Receivables		1,456	2,094
Cash and cash equivalents		4,306	2,657
Total current assets		5,762	4,751
Total assets		1,291,006	1,198,658

PARENT

BALANCE SHEET, EQUITY AND LIABILITIES

	Note	2021 DKK'000	2020 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-15,812	-58,872
Reserve for net revaluation under the equity method		187,328	95,991
Retained earnings		665,387	749,190
Shareholders' equity		843,946	793,351
Debt to preference shares holders	7	351,081	315,500
Debt to group enterprises		45,405	43,449
Total non-current liabilities		396,486	358,949
Debt to group enterprises		50,502	45,651
Other payables	8	72	707
Total current liabilities		50,574	46,358
Total liabilities		447,060	405,307
Total equity and liabilities		1,291,006	1,198,658

PARENT

STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital DKK'000	Foreign currency translation adjustment DKK'000	Reserve for net revaluation under the equity DKK'000	Retained earnings DKK'000	Total DKK'000
Shareholders' equity at 1 January 2021	7,042	-58,872	95,991	749,190	793,351
Net profit for the year	0	0	91,337	-83,803	7,534
Exchange differences, foreign entities	0	43,060	0	0	43,060
Total comprehensive income	0	43,060	91,337	-83,803	50,594
Shareholders' equity at 31 December 2021	7,042	-15,812	187,328	665,387	843,946
Shareholders' equity at 1 January 2020	7,042	-10,081	134,598	739,551	871,110
Net profit for the year	0	0	-38,607	9,639	-28,968
Exchange differences, foreign entities	0	-48,791	0	0	-48,791
Total comprehensive income	0	-48,791	-38,607	9,639	-77,759
Shareholders' equity at 31 December 2020	7,042	-58,872	95,991	749,190	793,351

Number of shares is 7,042 with the nominal value of DKK 1,000.

No dividend was declared in 2021 or 2020.

PARENT

CASH FLOW STATEMENT

	2021	2020
Note	DKK'000	DKK'000
Profit before tax (EBT)	6,078	-29,808
Profit from investments in subsidiaries	-48,277	-10,184
Changes in working capital	9 65	807
Adjustments for non-cash items	10 39,319	43,254
Cash flow from ordinary operating activities	-2,815	4,069
Financial expenses	-3,736	-3,534
Income taxes refunded/paid	1,394	1,132
Cash flow from operating activities (CFFO)	-5,157	1,667
Installments on loans etc.	11 6,806	0
Cash flow from financing activities	6,806	0
Cash flow for the year	1,649	1,667
Cash and cash equivalents at 1 January	2,657	990
Cash and cash equivalents at 31 December	4,306	2,657

The cash flow statement cannot be derived from the published financial information only.

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PARENT

NOTES TO THE STATEMENTS

	2021	2020
	DKK'000	DKK'000
1 Fees to auditors appointed at the annual general meeting		
Statutory audit	44	56
Non-audit services	22	75
	66	131
	2019	2018
	DKK'000	DKK'000
2 Profit/(loss) from investments in subsidiaries		
Profit from investments in subsidiaries	48,277	10,184
	48,277	10,184
	2021	2020
	DKK'000	DKK'000
3 Financial expenses		
Interest expense arising from Group enterprises	1,782	1,650
Interest expenses	1,955	1,884
Other financial expenses	38,029	36,189
	41,766	39,723

All financial liabilities are measured at amortized cost, and hence all interest expenses are from financial liabilities measured at amortized cost.

	2021	2020
	DKK'000	DKK'000
4 Income tax		
<u>Current tax:</u>		
Current tax on profit for the year	-1,456	-1,394
Adjustment in respect of prior years	0	172
Total current tax	<u>-1,456</u>	<u>-1,222</u>
Adjustment of deferred tax asset/liability	0	-307
	<u>0</u>	<u>382</u>
Total income tax	<u>-1,456</u>	<u>-840</u>
Reconciliation of tax rate		
Earnings before tax	6,078	-29,808
Income from equity method used towards subsidiaries and associates	-48,277	-10,184
Earnings before tax, parent company	<u>-42,199</u>	<u>-39,992</u>
Calculated tax at Danish statutory rate of 22% (of EBT)	-9,284	-8,798
Adjustment in respect of prior years	0	862
Income / expenses not subject to tax	7,828	7,096
Tax charge	<u>-1,456</u>	<u>-840</u>
Effective tax rate (%)	<u>3.5%</u>	<u>2.1%</u>

	2021 DKK'000	2020 DKK'000
5 Investments in subsidiaries		
Cost at 1 January	<u>1,096,407</u>	<u>1,096,407</u>
Cost at 31 December	<u>1,096,407</u>	<u>1,096,407</u>
Value adjustments at 1 January	95,990	134,597
Exchange rate adjustments	43,060	-48,791
Profit for the year after tax	48,277	10,184
Value adjustments at 31 December	<u>187,327</u>	<u>95,990</u>
Carrying amount at 31 December	<u>1,283,734</u>	<u>1,192,397</u>

Impairment test has been performed in relation to goodwill, which supports the carrying amounts on the investments.

	Financial non-current assets DKK'000	Current assets DKK'000	Total deferred tax DKK'000
6 Deferred tax asset and deferred tax liabilities			
Deferred tax at 1 January 2021	<u>-922</u>	<u>-588</u>	<u>-1,510</u>
Deferred tax at 31 December 2021	<u>-922</u>	<u>-588</u>	<u>-1,510</u>
Deferred tax is presented in the balance sheet as follows:			
Deferred tax asset			1,510
Deferred tax liability			0
Deferred tax asset year end, net			<u>1,510</u>

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

Deferred tax at 1 January 2020	<u>-1,304</u>	<u>-588</u>	<u>-1,892</u>
Charge to the income statement	-307	0	-307
Deferred tax at 31 December 2020	<u>-922</u>	<u>-588</u>	<u>-1,510</u>
Deferred tax is presented in the balance sheet as follows:			
Deferred tax asset			1,510
Deferred tax liability			0
Deferred tax asset year end, net			<u>1,510</u>

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

7 Debt to preference shares holders

	2021	2020
	DKK'000	DKK'000
Preference shares at 1 January	315,500	283,285
Additions on preference shares	0	0
Loan and interest expenses preference shares	35,581	32,215
Preference shares at 31 December	351,081	315,500

Each Class A1 preference share, which have a par value of DKK 1,000, carry a preference right to distribution of proceeds to shareholders in an aggregate amount equal to the initial investment amount paid for the Class A1 preference shares with the addition of an accumulating compounding return of 11% annually from the date of the initial issuance of the Class A1 preference shares.

Upon the preference right of the Class A1 shares having been satisfied, each Class A2 preference share, which have a par value of DKK 1,000, carry a preference right to distribution of proceeds to shareholders in an aggregate amount equal to the higher of the initial investment amount paid for the Class A2 preference shares with the addition of an accumulating compounding return 11% annually from the date of the initial issuance of the Class A2 preference shares, or 2.45% of the equity value of the entity on the date of payment of the proceeds.

None of the Class A1 or Class A2 preference shares carry any voting rights or right of representation at the annual general meeting.

Upon the economical preference rights of Class A1 and Class A2 preference shares having been satisfied, any additional proceeds from the entity shall be distributed solely and unrestricted to the Class B shares (Ordinary shares).

	Payments due between 1-5 years 2021 DKK'000	Payments due between 1-5 years 2021 DKK'000	Outstand- ing after 5 years 2021 DKK'000	Total 2021 DKK'000
8 Current and non-current liabilities				
Debt to group enterprises	50,502	45,405	0	95,907
Other debt	0	351,081	0	351,081
	50,502	396,486	0	446,988
Specification of contractual cash flows incl. interest:				
Debt to group enterprises	52,153	47,031	0	99,184
Other debt	0	422,243	0	422,243
	52,153	469,274	0	521,427
	Payments due between 1-5 years 2020 DKK'000	Payments due between 1-5 years 2020 DKK'000	Outstand- ing after 5 years 2020 DKK'000	Total 2020 DKK'000
Debt to group enterprises	45,651	43,449	0	89,100
Other debt	0	315,500	0	315,500
	45,651	358,949	0	404,600
Specification of contractual cash flows incl. interest:				
Debt to group enterprises	47,302	43,263	0	90,565
Other debt	0	379,430	0	379,430
	47,302	422,693	0	469,995
			2021	2020
			DKK'000	DKK'000
9 Other payables				
Other accrued expenses			72	707
			72	707

	2021	2020	
	DKK'000	DKK'000	
10 Change in working capital			
Increase/decrease in receivables	701	799	
Increase/decrease in trade payables etc.	-636	8	
	65	807	
	2021	2020	
	DKK'000	DKK'000	
11 Adjustments for non-cash items			
Financial income and expenses	39,319	43,254	
	39,319	43,254	
	Long-term borrowings	Short-term borrowings	Total liabilities from financing activities
	DKK'000	DKK'000	DKK'000
12 Reconciliation of liabilities arising from financing activities			
1 January 2021	358,949	45,651	404,600
Cash flows	1,955	4,851	6,806
Non-cash change:			
Other	35,582	0	35,582
31 December 2021	396,486	50,502	446,988
1 January 2020	324,858	41,418	366,276
Cash flows	0	0	0
Non-cash change:			
Other	34,091	4,233	38,324
31 December 2020	358,949	45,651	404,600

14 Related parties and group relations

Related parties of the company are O.W. Lux SARL and their subsidiaries, as well as all subsidiaries of the company.

Altor Fund II GP Limited, Jersey controls O.W. Lux SARL.

Transactions with O.W. Lux SARL.

	<u>2021</u> <u>DKK'000</u>	<u>2020</u> <u>DKK'000</u>
Financial items, net	1,955	1,876
Debt to group enterprises	45,405	43,449

All transactions were made on terms equivalent to arm's length principles.

15 Ownership

Share capital is owned 90.12 % by O.W. Lux SARL.

16 Financial risks and financial instruments

Categories of financial instruments

All financial assets and financial liabilities in Wrist are measured at amortized cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss.

Financial risk management

Wrist manages its identified risks according to the risk management policies approved by the Board of Directors. The policies are reviewed and approved by the Board on an annual basis and include:

- Exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk

The Company has centralized its management and monitoring of risks and measures exposures on a frequent basis. The Group does not enter into speculation and the purpose of the risk management activities are to monitor and reduce the Group's exposures due to its operational, investment and financing activities.

Each risk is described further below.

Exchange rate risk

The Company does not have any transaction in other currencies than DKK, why there is no exchange rate risk.

Interest rate risk

The Company have only fixed-rate loans to preferenc shares holders and subsidiaries, why there is no interest rate risk.

Liquidity risk

Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements.

Credit risk

The Company does not have any external activities. No material credit risk have been identified.

Specification of financial assets and obligations

	Carrying value	Fair value	Carrying value	Fair value
	2021	2021	2020	2020
	DKK'000	DKK'000	DKK'000	DKK'000
Loans and receivables	4,306	4,306	3,357	3,357
Financial obligations measured at amortized cost	95,979	95,979	89,807	89,807

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognized in the consolidated financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Company's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2021, the Company's interest-bearing debt net comprise DKK 443m (2020: DKK 402m), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Company's guidelines and procedures for managing capital structure in 2021.

17 Events after the reporting period

There has been no post-balance sheet events material to this Annual Report which have not been recognized or mentioned.

18 Accounting policies

The financial statements of the parent company (W.S.S. Holding A/S) are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class C enterprises.

The accounting policies for the Parent Company and for the W.S.S. Holding Group are identical (see note 30 for the W.S.S. Holding Group) except for the situations mentioned below.

Change in accounting policies

No change in accounting policies.

Situations, where the accounting policies of the Parent Company deviate from the Group's

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortized positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less amortization of goodwill is recognized in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

The purchase method is applied in the acquisition of investments in subsidiaries.

Corporation tax

The Parent Company is jointly taxed with all of its Danish subsidiaries with Wrist ADM ApS serving as the administration company. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Subsidiaries

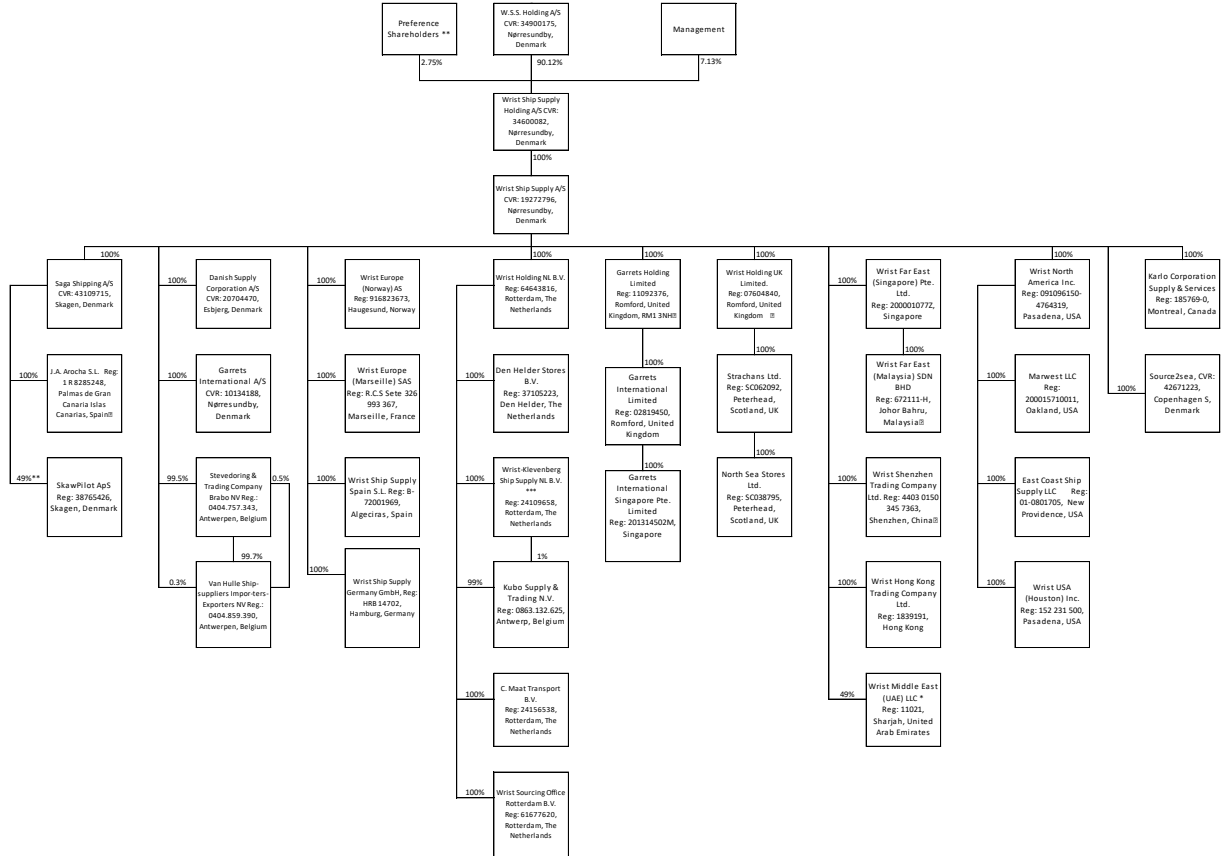
Company name	Registered office in	City	Ownership share %	
			2021	2020
Wrist Ship Supply Holding A/S	Denmark	Noerresundby	100	100
Wrist Ship Supply A/S	Denmark	Noerresundby	100	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100	100
Garrets International A/S	Denmark	Noerresundby	100	100
Saga Shipping A/S	Denmark	Skagen	100	100
SkawPilot ApS	Denmark	Skagen	49	49
J.A. Arocha S.L.	Spain	Las Palmas	100	100
Wrist Ship Supply Spain S.L.	Spain	Algeciras	100	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100	100
Wrist Africa Tanger SARL	Marocco	Tanger	0	100 **
Wrist Europe (Norway) AS	Norway	Haugesund	100	100
Wrist Europe (Marseille) SAS	France	Marseille	100	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100	100
Den Helder Stores B.V.	Netherlands	Den Helder	100	100
Wrist-Klevenberg Ship Supply NL B.V.	Netherlands	Rotterdam	100	100
C. Maat Transport B.V.	Netherlands	Rotterdam	100	100
Wrist Souring Office Rotterdam B.V.	Netherlands	Rotterdam	100	100
Kubo Supply and Trading N.V.	Belgium	Antwerp	100	100
Stevedoring & Trading Company Brabo NV	Belgium	Antwerp	100	100
Van Hulle Shippers Importers-Exporters NV	Belgium	Antwerp	100	100
Wrist Holding UK Ltd.	United Kingdom	London	100	100
Strachans Ltd.	United Kingdom	Peterhead	100	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100	100
Garrets Holding Limited	United Kingdom	Romford	100	100
Garrets Bidco 2 Limited	United Kingdom	Romford	0	100 **
Garrets Bidco Limited	United Kingdom	Romford	0	100 **
Garrets International Limited	United Kingdom	Romford	100	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100	100
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100	100
Wrist Middle East (U.A.E.) LLC	Dubai, U.A.E.	Dubai	49	49 *
Wrist North America Inc.	USA	Pasadena	100	100
Marwest LLC	USA	Oakland	100	100
East Coast Ship Supply LLC	USA	New Jersey	100	100
Wrist USA (Houston) Inc	USA	Pasadena	100	100
World Delivery Enterprises LLC	USA	Pasadena	100	100
Klevenberg USA Inc.	USA	Pasadena	0	100 **
Klevenberg USA Holding Inc.	USA	Pasadena	0	100 **
Karlo Corporation Supply & Services	Canada	Montreal	100	100
Source2sea A/S	Denmark	Copenhagen	100	0

* Wrist Middle East (UAE) LLC is controlled by Wrist Ship Supply A/S according to shareholders agreement.

** Liquidated in 2021.

ORGANIZATION

LEGAL STRUCTURE



Notes:

- * Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply A/S according to shareholders agreement.
- ** SkawPilot ApS is owned 51% by DanPilot - Lodseriet Danmark, reg. no. 30071735.
- *** As of 21/08/2019 Wrist-Kooyman Ship Supply B.V. was merged into Wrist-Klevenberg Ship Supply NL B.V.

MANAGEMENT

Board of Directors

Søren Dan Johansen, Chairman

Born 1965, Danish.

Member of the Board of Directors and Chairman since November 2014.

Mr Johansen is Chief Executive Officer of Altor Equity Partners A/S, Denmark. He holds a Master's degree in Law.

Other duties:

- Wrist Ship Supply A/S, Denmark (C)
- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- CAM Holding 1 DK ApS, Denmark (C)
- C WorldWide Asset Management Fondsmæglerselskab A/S (C)
- C Worldwide Group Holding A/S, Denmark (C)
- C Worldwide Holding A/S (C)
- Technoinvest A/S (C)
- Hamlet Protein A/S, Denmark (VC)
- New Nutrition ApS, Denmark (VC)
- New Nutrition Holding ApS, Denmark (VC)
- Dolphin AB (C)
- Norican Global A/S, Denmark (BM)
- Tresu A/S (BM)
- Tresu Group Holding A/S (BM)
- Tresu Investment Holding A/S (BM)
- Carneo AB (BM)
- Justitia (BM)
- Multi-Wing International A/S (BM)
- Wind Dynamic ApS (BM)
- Multi-Wing Group A/S (BM)
- MWG Holdco ApS (BM)
- MWG Bidco ApS (BM)
- Altor Holding IV AB and subsidiaries (BM)
- Altor Holding V AB and subsidiaries (BM)

Robert Steen Kledal

Born 1969, Danish

Member of the Board of Directors since 2020.

Mr. Kledal served as Chief Executive Officer for Wrist Ship Supply in the period from October 2010 to December 2019. Prior to his position at Wrist, Robert spent 21 years in various leadership positions at A.P. Møller-Mærsk across Denmark, Hong Kong, China and USA.

He holds an MBA from IMD in Lausanne, Switzerland.

Other duties:

- CEO, Hydro Hull Cleaning A/S
- Advisory Board Member, Stirling Management School, Stirling University (BM)
- Board Member, Blue Water Shipping (BM)
- Investment Advisor, TechStationInvest
- Investment Advisor, Motion Ventures

Thomas Palm Westermann

Born 1986, Danish.

Member of the Board of Directors since February 2022

Mr. Westermann is a Director with Altor Equity Partners A/S, Denmark. He holds an M.Sc. in Management Science and Engineering from Stanford University as well as a B.Sc. in Engineering and Applied Mathematics from Technical University of Denmark.

Other duties:

- Wrist Ship Supply A/S, Denmark (BM)
- Wrist Ship Supply Holding A/S, Denmark (BM)
- W.S.S Holding A/S, Denmark (BM)
- Multi-Wing International A/S (BM)
- Multi-Wing Group A/S (BM)
- Wind Dynamic ApS (BM)

C: Chairman of the Board of Directors

VC: Vice Chairman of the Board of Directors

BM: Member of the Board of Directors

Ownership

Wrist Ship Supply A/S is fully owned by Wrist Ship Supply Holding A/S. Wrist Ship Supply Holding A/S is owned by W.S.S. Holding A/S (90.12%), preferences shareholders (2.75%) and management investors (7.13%). W.S.S. Holding A/S is owned by Altor Fund II GP Limited, Jersey (98.34%) and external investors (1.66%).

Annual general meeting

The annual general meeting will be held on 20 May 2022 in Copenhagen, Denmark.

STATEMENTS

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Wrist Ship Supply Holding A/S for the financial year 1 January - 31 December 2021.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of 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 December 2021 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2021.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

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

Copenhagen, 20 May 2022

Executive Board



Anders Skipper

Executive Vice President, Group CFO

Board of Directors



Søren Dan Johansen
Chairman



Thomas Palm Westermann



Robert Steen Kledal

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Wrist Ship Supply Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Wrist Ship Supply Holding A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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. December 2021, and of the results of their operations and cash flows for the financial year 01.01.2021 - 31.12.2021 accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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.

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.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as

adopted by the EU and additional requirements of 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 Parent'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 consolidated financial statements and the parent financial statements

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

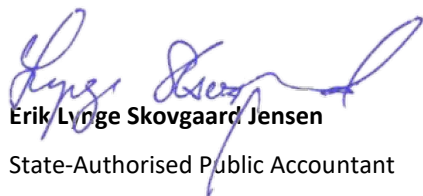
responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Aarhus, 20 May 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



Erik Lyng Skovgaard Jensen
State-Authorised Public Accountant
MNE-no. mne10089



Chris Middelhede
State-Authorised Public Accountant
MNE-no. mne45823