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ANNUAL REPORT 2019

SHIP SUPPLY

CONTENTS

INTRODUCTION

EXPERT CARE

Wrist Ship Supply is the world's leading ship and offshore supplier of provisions and stores with a market share around 9% - and growing.

Wrist offers a global 24/7 service, including handling of owners' goods, shipping, air and sea freight and related marine services that meet the demands of international organisations as well as local businesses delivering a unique value proposition.

From offices around the globe, all Wrist team members take pride in making it easy for customers to receive their supplies – where and when requested – on time, in full and cost efficiently.

Our mission and purpose is to provide Expert care – making our customers' life at sea better and Wrist a great place to work. We want to get it done and get it done right.

We also want to play our part in ensuring we have a greener and fairer planet through facilitating a sustainable supply chain of goods and products from where they are grown and created to where they are needed to feed, warm, shelter, clothe and cure people.

wrist.com

MANAGEMENT COMMENTARY

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000 and ratios	2019	2018	2017	2016	2015
Net sales	4,657,976	4,276,511	4,101,471	4,066,729	3,674,577
Gross Profit	1,230,711	1,092,305	1,000,203	970,818	932,444
Operating profit (EBITA)	160,164	178,865	157,495	166,038	192,595
Earnings before interest and tax (EBIT)	120,258	149,214	135,867	148,927	189,917
Profit of financial items	-120,046	-88,523	-65,666	-82,141	-59,560
Net profit	-6,808	35,904	48,649	51,884	87,051
Inventories	254,471	241,400	233,962	238,384	218,230
Trade receivables	799,041	787,459	651,762	680,168	574,934
Total assets	3,316,159	2,894,889	2,670,904	2,636,037	2,310,135
Equity	919,747	910,161	937,232	928,498	908,949
Invested capital including goodwill	2,234,777	1,785,141	1,750,405	1,646,713	1,467,550
Net interest-bearing debt (NIBD)	1,355,929	910,616	787,837	823,553	616,415
Cash flow from operating activities (CFFO)	139,931	201,311	54,993	128,731	122,911
Cash flow from investing activities (CFFI)	59,136	225,277	41,312	308,343	89,442
Net investments ex business acquisition (CAPEX)	-11,576	28,879	82,624	355,668	139,263
Acquisition of property, plant and equipment	19,675	12,500	24,538	34,396	37,495
Number of employees, average	1,472	1,361	1,279	1,183	1,167
Performance ratios (%)					
Gross margin	26.4	25.5	24.4	23.9	25.4
Operating margin (EBITA)	3.4	4.2	3.8	4.1	5.2
Return on invested capital	8.0	10.1	9.3	10.7	13.7
Return on equity	-0.7	3.9	5.2	5.6	10.4

The financial highlights for 2019 are affected by the implementation of IFRS 16 Leases as from 1 January 2019. Comparative figures for 2015-2018 have not been restated. The implementation of IFRS 16 Leases in 2019 has a negative impact on Return on invested capital of 0.8 percentage points. Implementation of IFRS 16 Leases is described in note 1.1.

Definitions of financial highlights and key ratios

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

Ratios		Calculation formula	Ratios reflect
Gross margin (%)	=	Gross profit x 100 / Net sales	The enterprise's operating gearing.
Operating margin (EBITA) (%)	=	EBITA x 100 / Net sales	The enterprise's operating profitability.
Return on invested capital (%)	=	EBITA x 100 / Average invested capital incl. goodwill	The return generated by the enterprise on investors' funds.
Return on equity (%)	=	Profit/(loss) for the year Excl. minority interests x 100 / 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 amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

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

THE YEAR IN REVIEW

In 2019, Wrist continued its expansion as the world's largest supplier of provisions and stores to ships and offshore locations, most recently through the acquisition of Van Hulle Shipsuppliers in Belgium.

2019 also marked the year when Wrist accelerated the Operating Model and Customer Excellence improvement programs as part of an ambitious 4-year strategy. The objectives are to maintain and expand the leading position in the market as the preferred partner to our customers.

Market conditions

The pressure from shipowners cost-saving narrative continued for most shipping segments during 2019, and despite some recovery in oil prices, the recovery in the offshore oil and gas markets was limited. The customers' demand for lower operating costs by strict budget control and shift towards lower priced goods put pressure on the operating profit margins in the ship and offshore supply industry and require continued strong focus on assortment, sourcing and operating costs. We have during the year successfully worked to expand our industry lead under these market conditions and have made considerable progress in that respect.

Growing our business

We continue to build scale and increase our market share, through organic growth and or through acquisitions. Most of the Group's businesses performed well, however the growth was in 2019 substantially affected by challenges related to the integration of the operating companies in Rotterdam in March 2019 following the acquisition in August 2018. The operating margin decreased by 0.7%-pts and can be attributed to the integration challenges in Rotterdam. The situation in Rotterdam has improved since 3rd quarter 2019 with service delivery back in order and we have seen further substantial financial improvement in Q1 2020.

Consolidating the position in the ARA market

In July 2019, Wrist announced its acquisition of Van Hulle Shipsuppliers and brought together two operationally and financially healthy companies in the important ARA (Amsterdam-Rotterdam-Antwerpen) market.

With this acquisition, Wrist has benefitted from Van Hulle's excellent customer relations, adding an organisation known for its distinguished customer service, provision management and last mile logistics set-up, which was built during decades of strong local and regional presence in the highly competitive ship supply market. It marks another important step in the steady development of Wrist's global network and will over time enhance customer service offerings to the advantage of the customers of both companies.

Strategy for enhanced services and profitable growth

During 2019 Wrist has enhanced and materialized the strategy components of the ambitious 4-year strategy launched in 2018. With a well-defined plan for strategy execution, Wrist sharpened its focus even further to explore significant market drivers and respond to customer needs. 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 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, Europe, Middle East and Asia through both organic and acquisition growth thus proposing customers a unique, global value proposition.
- Employ, develop, inspire, motivate and retain a diverse team of global Wrist colleagues.

Investing in the future

The pressure for cost reductions in the market require continued industry innovation, investments and consolidation. Wrist constantly pursues solutions that expand and enhance its range of service offerings. In recent years, significant investment has been made in system platforms, and it has been rolled out in most operations. In 2019 the Group has invested in functions supporting the business units in enhancing customer service and ensuring on time in full deliveries. The organisation, processes and platforms enables better control of operations and new customer solutions, which we expect will improve customer experience and drive additional business. Wrist emphasised the ambition of building an operating model constantly enabling lower unit costs, fast and accurate deliveries and easiness of customer ordering and paying, all based on scalable system platforms enabling Wrist to continue leading the industry consolidation.

SHIP SUPPLY

Wrist is an experienced and distinguished supplier of provisions and stores for the global shipping industry. The company is continuously developing its business and capabilities, and after more than 60 years in the market, Wrist is now the world's leading ship supplier with a strong global presence.

Ship supply remains at the core of Wrist's DNA. Throughout the years, however, the Group has acquired a broad spectrum of skills within adjacent areas, including Garrets' wide spectrum of provision and stores management services, and Wrist Marine Logistics' expertise has become a core element of Wrist's competitive edge and provides the foundation for serving the world fleet through regional centres in North America, Europe, the Middle East and Asia.

Wrist supplies a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. The service concept comprises the storage, surrender and transport of customers' own supplies and spare parts - mostly through Wrist warehouses.

Global network, local excellence

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

The global key account management organisation can, together with regional and local teams, provide customers with additional and even outsourced services, and thus operate as an extension of their own businesses and thereby optimise operational efficiencies and vessel profitability.

Although we encourage as early ordering as possible, with on-site personnel, Wrist can meet late requests for provisions and stores, etc. either through its own branches or its large network of approved subcontractors.

Integrating ship supply into fleet operations

Saving costs and time is essential to Wrist's customers. With sourcing, last mile logistics and management at its core, Wrist provides a global solution: Wrist Bundled Services, where provision through Garrets is consolidated with fixed assortment for technical consumables and full logistics handling of spare parts and Owners Goods.

Wrist Bundled Services is leading edge in moving the industry from transactional to solutions focusing on cost and services benefits to customers.

PROVISION AND STORES MANAGEMENT

Outsourcing of provisioning to vessels has increased significantly during the years, enhancing procurement efficiency and reducing overhead costs at customers while maintaining high quality and securing the welfare of crews. Operators are moving towards centralising their processes to a single point of contact and are looking for partners that can take care of all their sourcing needs on a global basis.

Garrets International is the world's leading provision and stores management partner at sea. Garrets partners with both seafarers, managers and ship owners, providing outsourced solutions with an attractive return in terms of both economy, quality and budget control.

In their constant pursuit of cost savings in both shipping and the offshore sector, more and more owners and ship managers are moving towards outsourcing solutions. Garrets serves more than 1,600 vessels all over the world, roughly 3% of the global fleet. Garrets holds a firm focus on quality, based on agreed levels, and is dedicated to managing budgets. Long-term partnerships with the customers are built through mutual trust and transparency.

Securing food quality and safety

Garrets adheres to global food safety and quality standards. Approved suppliers to Garrets 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 who has a global supplier audit programme.

In alignment with the Wrist Group's mission of "expert care - making our customers' life at sea better", Garrets seeks 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, Garrets emphasises the importance of managing and monitoring health, hygiene, nutrition, allergens and special diets as well as ways to facilitate, plan and prepare attractive menus.

To support these objectives, Garrets can provide training programmes for chefs both ashore and online, conducts on-board galley assessments, and issues cookbooks and menu plans for every crew nationality.

OFFSHORE SUPPLY

Meeting the constantly evolving requirements of the offshore oil & gas and renewables market for more than 30 years, the Wrist Group has become the market leader. The core of the business is to assure customers that all aspects of their product supply are taken care of.

Strachans, the leading brand in Northern Europe, and other units of the Wrist Group in the US Gulf, Middle East and Asia 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, Strachans holds stock of over 3,000 lines. Other requirements are catered for by dedicated staff that will source just about any item.

To ensure frozen and chilled products reach their final destinations in excellent condition, Strachans operates a fleet of over 200 icebox containers, preserving product temperatures for up to four days without external power supply. These units form part of the fleet of some 1,400 DNV 2.7-1 certified containers, suited for various customer requirements.

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

Efficient and reliable

Through strategically located distribution centres, the Group can support platforms with 300+ staff as well as minor support vessels with a full range of products and services. Key Account Managers are responsible for servicing the individual customers.

Efficient and reliable procedures – based on UKAS accredited quality systems (ISO 9001/ISO 22000, including HACCP) – enable Strachans to react rapidly to factors beyond our customers' control (e.g. weather). This ensures that orders are delivered at the right place and at the right time.

COMMITMENT TO ETHICS AND RESPONSIBILITY

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

To promote the long-term interests of the company and its stakeholders, Wrist complies with high ethical standards in all business practices. Our business model is described in the sections above on page 8.

Business Principles

Wrist's Business Principles provide guidelines to increase transparency and describe the way the company and its staff must act whilst pursuing the business objectives.

http://www.wrist.com/download/sustainability/

The Business Principles are incorporated into Wrist's general business practices when living out its mission, "Expert care – making our customers' life at sea better", 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 recognised (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.

Our approach to environment and climate protection is expressed in the Wrist Business Principles. Here it is stated that Wrist supports a precautionary approach to environmental challenges for improved environmental performance and resource utilisation in order to run own operations as clean and efficiently as possible. We also expect our suppliers and business partners to follow these principles.

In carrying out our business activities, we are highly aware of complying with all relevant regulatory requirements, including environment and climate protection. In the light of this, and since we do not have any own production of goods and hence a limited risk of negative impact, we have not established a detailed policy in this area.

Compliance Programme

Wrist's Compliance Programme covers the topics of:

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

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

The policies and procedures contain rules and regulations as well as practical advice for team members. The policies are distributed to all relevant team members, followed by training.

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 the sea. Such risk factors, among others, have led us to paying special attention to the anti-bribery programme. The anti-bribery programme consists of a set of very concrete guidelines with clear rules for the giving and receiving of business courtesies. It is supplemented by a set of procedures designed to monitor compliance with the anti-bribery policy. To limit the risk of inappropriate behaviour, the programme contains procedures for providing cash discounts in cash sales and for cash withdrawals.

The training of our team members – including new team members and team members at newly acquired entities as well as repeated training of existing team members – was transformed into an online training programme back in 2018. The subsequent training of all relevant team members will be done every two years.

The online compliance training also include General Data Protection Regulation of the EU. The policy and procedures was launched at all relevant entities prior to the Regulation coming into force in May 2018.

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

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.

Team members must act accordingly, and Wrist's Business Principles constitute an essential reference in dealings with external stakeholders.

Wrist strives to ensure that our suppliers comply with our ethics and standards as expressed in the Wrist Business Principles. Wrist operates in many regulatory environments and expect its suppliers to act ethically and comply with applicable rules in all countries were business is conducted.

With a significant number of global suppliers from many different countries, there is a risk that Wrist cannot secure completeness regarding the awareness and understanding of its Business Principles, but the efforts and initiatives will continue being a natural part of developing Wrist's supply chain.

Our Business Principles clearly states that Wrist endeavours to create hazard-free workplaces for our team members, contractors, and others working in various locations by applying high standards of occupational health and safety. We strive to assure the safety of products and services through efficient control systems.

Our implementation of health and safety policy is by creating awareness around our safety instructions and provide training for our team members in safety instructions etc. Protecting the health and safety of our employees is of high priority, and by taking these measures, we manage to mitigate the risk.

As a result the level of safety is at a satisfactory level in 2019 with no major incidents.

Whistleblowing

A Group whistleblowing system specifically tailored to the requirements of Wrist enables stakeholders to report suspected or suspicions of breaches of its Business Principles anonymously with no risk of retaliation. The whistleblowing system is approved by the Danish Data Protection Agency. No reporting was made in 2019.

Seafarers

"Expert care – making our customers' life at sea better" being our mission, we strive to go beyond the core competitive parameters in our businesses.

Seafarers are often mentioned as 'the forgotten workforce' and life at sea is known to be tough for the approx. 1.5 million seafarers worldwide. Working conditions can be hazardous and with reduced help at hand while at sea, and long periods at sea, meaning absence from family and friends.

Consequently, the life of seafarers is always in focus and Wrist's donations and charity to this group are prioritised. All Wrist does ends with seafarers, offshore or navy crew and thus affects their motivation and wellbeing.

Various charitable organisations perform a tremendous effort to help seafarers. Wrist has been a member of ISWAN (International Seafarers' Welfare and Assistance Network) since 2013 and is the sponsor of two ISWAN awards - "Seafarer centre of the Year" (Wrist Ship Supply) and "Shipping Company of the Year" (Garrets). Further Garrets has sponsored Sailors Society by co-funding a maritime education scholarship, administered by Homer Foundation, to train at the Magsaysay Center for Hospitality and Culinary Arts (MIHCA) in Manila. Providing funding to support living costs for the duration of a one-year course running from July 2018 until April 2019, the scholarship enabled a Filipino student from underprivileged backgrounds to pursue culinary careers in the shipping industry.

Each year, Wrist marks the "Day of the Seafarer" on 25 June – a campaign run by the International Maritime Organization (IMO).

Promotion of the underrepresented gender

Management

In accordance with Wrist's commitment to achieving a sound and balanced composition of genders across the company, 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 employees for management positions.

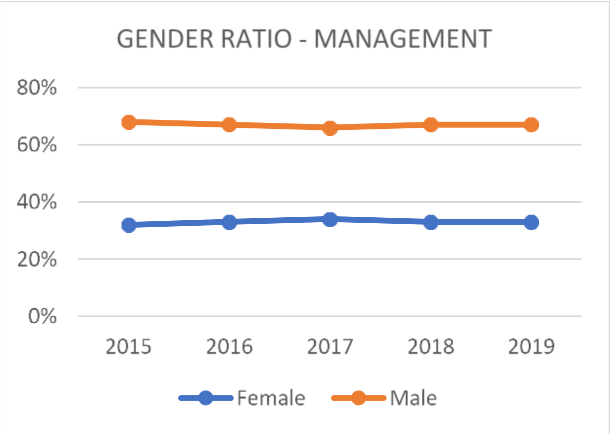
This policy will be monitored and reviewed annually by the Board of Directors and progress compared to the stated intention is reported to the Board.

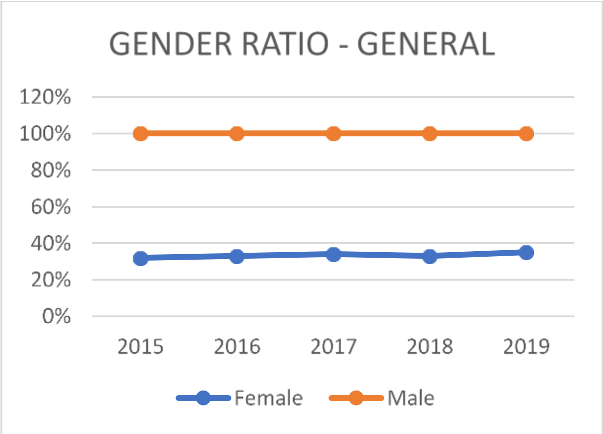
Wrist defines "Management" as:

- 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 67% and 33%, respectively by the end of 2019. This is an overall improvement since 2015, however, slightly below the desired target for the year. The 2020 target is a proportion of 60% and 40%, respectively.

The steady narrowing of the gap between the male and female managerial staff since 2015 has been achieved on the background of the Group's steady gender distribution of 67% male and 33% female.





In support of our 2020 target, Wrist will continue its range of initiatives to help managers embrace the target:

Talent acquisition

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

Internal promotions

As for talent acquisition, cf. above.

Talent development

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

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 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

The gender composition at the Board of Directors level remains unchanged from previous years (0% female /100% male). Wrist strives to reach a more balanced distribution of gender within the Board of Directors. The target is to achieve at least a 80/20 distribution between men and women before the end of 2020. The target is related to the owner’s representatives and does not include employee representatives (if any). In 2019, there has no replacements to the composition of the Board of Directors, and thus the target has not been achieved.

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.

Market risk

Market risk refers primarily to risk factors on 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 of 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 cost Wrist is continuously working to improve its sales pricing processes to optimise 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 organisation, Wrist has a thorough understanding of the needs of its customers and is able to develop initiatives to improve its offerings.

Financial reporting

The 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 on a monthly basis. Structured business review meetings are 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 has an ambition to be within the boundaries set by local legislation, reduce emissions (and related costs) and to 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 minimise 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, GBP, SGD and EUR, 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 affects 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 estimated 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, 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 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 centralised 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 represent a limited risk. The aggregate amount recognised 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 centralised 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.

FINANCIAL REVIEW

Sales

The volume of supplies to ships and offshore increased in 2019, excluding the decrease in Rotterdam following the integration challenges. This is despite the constant demand for cost savings and thus lower priced goods. Net sales increased by 0.8% in local currencies and adjusted for the acquisition and the challenges in Rotterdam.

In total and in reporting currency, the net sales increased as much as 8.9%, reaching DKK 4,658 compared to DKK 4,277m in 2018.

Gross profit

Gross profit increased to DKK 1,231m from DKK 1,092m in 2019. The gross profit ratio was 26.4% compared to 25.5% in 2018. The primary reasons for the higher ratio are changes in the supply chain including sourcing improvements.

Operating profit

The operating profit is impacted by special expenses related to acquisition, strategy implementation and restructuring of several businesses. In 2019 these special expenses are similar to 2018. Adjusted for those special expenses, the operating profit (EBITA) decreased 8.7% compared to 2018, and can be entirely attributed to the integration challenges in Rotterdam. The reported operating profit (EBITA) development was DKK -18.3m, while the operating margin (EBITA) was 3.4% in 2019 compared to 4.2% the year before.

Many operations have, considering the overall market situation, performed well. However, the development in Rotterdam and Singapore has been below both last year and the expectations.

Operating profit from Van Hulle is included from 8 July 2019.

Net profit

The net profit for the year was DKK -7m compared to DKK 36m in 2018. Management considers the profit level below expectations.

The change in net profit compared to last year is due to lower operating profit and less tax expenses.

Cash flows

The cash flow from operating activities was DKK 140m in 2019 against DKK 201m in 2018. The net working capital as per 31 December 2019 was 324m, an increase of DKK 82m compared to 2018. The higher net working capital level is primarily a result of increased days of sales outstanding in some regions and acquisition. The net working capital, as a ratio of sales, was 6.7% compared to 5.4% in 2018.

Investments

Net Investments amounted to DKK 187m, including DKK 81m right-of-use assets, compared to DKK 225m in 2018. Acquisition of companies aggregated DKK 118m compared to DKK 198m in 2018 while investments in software and property, plant and equipment aggregated to DKK 29m, DKK 4m less than the previous year (DKK 33m).

Sale of property, plant and equipment amounted to DKK 40m against DKK 4m in 2018.

IFRS 16 Leases implementation as per 1 January 2019 affected Invested capital including goodwill significantly with DKK 354m. Invested capital aggregates to DKK 2,235m as per 31 December 2019 compared to DKK 1,785m last year.

Financial position

At 31 December 2019, cash and cash equivalents was DKK 107m, while undrawn credit facilities amounted to DKK 134m. Accordingly, total available cash resources amounted to DKK 241m against DKK 310m 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 1,356m at 31 December 2019 (DKK 910m at the end of 2018). IFRS 16 Leases implementation as per 1 January 2019 affected NIBD significantly with DKK 370m.

The net interest-bearing debt as a ratio of EBITA stood at 8.5 by the end of 2019 against 5.1 the year before (on a like-for-like basis).

Subsequent events

No significant events have occurred since the date of the accounts.

The company has not yet seen any significant impact from the global Covid-19 pandemic, neither in net sales nor the cash flow from operations. It is currently not possible to estimate the long term impact from Covid-19.

Outlook for 2020

Several segments in the shipping industry will have a challenging supply-demand balance, due to the expected recession following the Covid-19 pandemic. Activity in the ship supply markets is dependent on spend per ship and the number of ships in operation, and the growth in seaborne transportation is driven by the global economic growth. However, Wrist expects to capture market share. The prospects for the offshore oil & gas markets depend on the development in oil prices. The financial year 2020 is so far seeing a severe contraction in oil demand, which is expected to limit industry investments.

Overall, Wrist anticipates prior to the Covid-19 pandemic an organic growth in sales, benefitting from the Group's strong market position and constant enhancements of its business model, and expects total sales to grow to around DKK 4.8-5.0bn and an increase in the operating profit (EBITA) to DKK 225-250m. Due to the Covid-19 and the related changed outlook for global transportation and oil demand, Wrist expects a significant but temporary negative impact on our business and financial performance in 2020. Given the fast changing development, Wrist is currently unable to accurately assess the impact on net sales and operating profit.

STATEMENTS

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of W.S.S. Holding A/S for the financial year 1 January - 31 December 2019.

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 2019 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2019.

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.

Aalborg, 3 July 2020

Executive Board

Anders Skipper
CEO

Board of Directors

Søren Dan Johansen
Chairman

Robert Steen Kledal

Håkan Petter Samlin

INDEPENDENT AUDITOR'S REPORT

To the shareholders of W.S.S. Holding A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of W.S.S. Holding A/S for the financial year 01.01.2019 - 31.12.2019, 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 2019, and of the results of their operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in 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, 3 July 2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Erik Lynge Skovgaard Jensen	**Rasmus Brodd Johnsen**
State-Authorised Public Accountant	State-Authorised Public Accountant
MNE-no. mne10089	MNE-no. mne33217

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	2019 DKK'000	2018 DKK'000
Net sales	**2**	**4,657,976**	**4,276,511**
Cost of sales		-3,427,265	-3,184,206
Gross profit		**1,230,711**	**1,092,305**
Other external expenses	3	-370,143	-353,331
Staff costs	4	-600,172	-524,294
Other operating income	5	14,102	0
Other operating expenses		-467	-1,986
Depreciation and amortisation	6	-153,773	-63,480
Operating profit before interest and tax (EBIT)		**120,258**	**149,214**
Profit from investments in associates		232	0
Financial income	7	2,783	10,281
Financial expenses	8	-123,061	-98,804
Profit before tax (EBT)		**212**	**60,691**
Income tax	9	-7,020	-24,787
Net profit for the year		**-6,808**	**35,904**
Attributable to:			
Shareholders of Wrist Ship Supply Holding A/S		-8,851	31,271
Non-controlling interests		2,043	4,633
		-6,808	**35,904**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2019 DKK'000	2018 DKK'000
Net profit for the year		**-6,808**	**35,904**
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		11,812	11,705
Fair value adjustment for the year relating to hedging instruments		-360	-1
Tax on other comprehensive income, transferrable		80	0
Total comprehensive income		**4,724**	**47,608**
Attributable to:			
Shareholders of Wrist Ship Supply Holding A/S		1,840	42,140
Non-controlling interests		2,884	5,468
		4,724	**47,608**

CONSOLIDATED BALANCE SHEETS, ASSETS

	Note	2019 DKK'000	2018 DKK'000
Goodwill		1,354,314	1,303,733
Software		54,734	61,466
Other intangible assets		56,176	61,772
Intangible assets	**10**	**1,465,224**	**1,426,971**
Land and buildings	11	26,700	57,158
Fixtures and equipment	11	47,162	57,058
Leasehold improvements	11	24,969	22,622
Ships	11	18,724	20,548
Leased assets	13	369,555	0
Prepayments for property, plant and equipment	11	0	598
Property, plant and equipment		**487,110**	**157,984**
Investment associated companies		247	374
Deferred tax assets	16	30,869	18,360
Other non-current assets		**31,116**	**18,734**
Total non-current assets		**1,983,450**	**1,603,689**
Inventories		**254,471**	**241,400**
Trade receivables	17	799,041	787,459
Receivables from group enterprises		34,464	516
Income tax receivable		18,691	37,150
Other receivables		104,767	115,779
Prepayments		13,798	8,531
Receivables		**970,761**	**949,435**
Cash and cash equivalents		**107,477**	**100,365**
Total current assets		**1,332,709**	**1,291,200**
Total assets		**3,316,159**	**2,894,889**

CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2019 DKK'000	2018 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-12,791	-23,742
Hedging reserves		0	123
Retained earnings		848,677	854,724
Shareholders´ share of equity		**842,928**	**838,147**
Non-controlling interests		**76,819**	**72,014**
Total equity		**919,747**	**910,161**
Deferred tax	16	29,488	24,254
Provisions	18	11,700	12,214
Accrual for straight-line lease expense		0	17,401
Debt preference shares to holders	27	283,285	254,267
Debt to mortgage credit institutions	19	1,139	2,317
Debt to credit institutions	19	762,016	539,136
Debt to group enterprises	19	41,573	0
Lease debt	13	303,836	26,685
Other	19	64	0
Total non-current liabilities		**1,433,101**	**876,274**
Installment of non-current debt next year	13,19	84,544	149,208
Provisions	18	1,170	2,006
Accrual for straight-line lease expense		0	345
Trade creditors		630,512	707,976
Debt to group enterprises		0	40,427
Corporate tax		22,280	33,804
Other payables	20	224,550	174,688
Deferred income		255	0
Total current liabilities		**963,311**	**1,108,454**
Total liabilities		**2,396,412**	**1,984,728**
Total equity and liabilities		**3,316,159**	**2,894,889**

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital DKK'000	Foreign currency translation adjustment DKK'000	Hedging reserves 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 2019	**7,042**	**-23,742**	**123**	**854,724**	**838,147**	**72,014**	**910,161**
Net profit for the year	0	0	0	-8,851	-8,851	2,043	-6,808
Exchange differences, foreign entities	0	10,951	0	0	10,951	861	11,812
Fair value adjustment for the year relating to hedging instruments	0	0	-334	0	-334	-26	-360
Tax relating to hedging instruments	0	0	74	0	74	6	80
Total comprehensive income	**0**	**10,951**	**-260**	**-8,851**	**1,840**	**2,884**	**4,724**
Other changes	0	0	137	307	444	43	487
Gains on deal disposals on interests in subsidiaries	0	0	0	2,497	2,497	1,878	4,375
Shareholders' equity at 31 December 2019	**7,042**	**-12,791**	**0**	**848,677**	**842,928**	**76,819**	**919,747**
Shareholders' equity at 1 January 2018	**7,042**	**-34,612**	**124**	**854,131**	**826,685**	**110,547**	**937,232**
Net profit for the year	0	0	0	31,271	31,271	4,633	35,904
Exchange differences, foreign entities	0	10,870	0	0	10,870	835	11,705
Fair value adjustment for the year relating to hedging instruments	0	0	-1	0	-1	0	-1
Tax relating to hedging instruments	0	0	0	0	0	0	0
Total comprehensive income	**0**	**10,870**	**-1**	**31,271**	**42,140**	**5,468**	**47,608**
Gains on deal disposals on interests in subsidiaries	0	0	0	-30,678	-30,678	-44,001	-74,679
Shareholders' equity at 31 December 2018	**7,042**	**-23,742**	**123**	**854,724**	**838,147**	**72,014**	**910,161**

CONSOLIDATED CASH FLOW STATEMENTS

	Note	2019 DKK'000	2018 DKK'000
Profit before tax (EBT)		212	60,691
Profit from investments in associates		-232	0
Depreciation and amortisation		153,773	63,480
Changes in working capital	21	-24,215	98,598
Adjustments for non-cash items	22	103,047	58,687
Cash flow from ordinary operating activities		**232,585**	**281,456**
Financial income		2,688	10,885
Financial expenses		-72,270	-56,725
Income taxes refunded/paid		-23,073	-34,305
Cash flow from operating activities (CFFO)		**139,930**	**201,311**
Acquisition etc. of intangible assets		-9,116	-20,686
Acquisition etc. of property, plant and equipment		-19,675	-12,500
Sale of property, plant and equipment		40,367	4,307
Acquisition of enterprises	15	-70,713	-196,398
Cash flow from investing activities (CFFI)		**-59,136**	**-225,277**
Loans raised	23	50,000	20,731
Installments on loans etc.	23	-130,300	-158,757
Purchase/Sale of own shares		4,375	-78,578
Proceeds from issue of preference shares		0	104,933
Proceeds from capital increase		0	4,082
Other cash flows from financing activities	23	74	-2,020
Cash flow from financing activities		**-75,851**	**-109,610**
Cash flow for the year		**4,943**	**-133,576**
Cash and cash equivalents at 1 January		100,365	232,697
Currency translation adjustments of cash and cash equivalents		2,169	1,244
Cash and cash equivalents at 31 December		**107,477**	**100,365**

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

NOTES TO THE CONSOLIDATED STATEMENTS

1 Critical accounting policies

1.1 Application of new and revised International Financial Reporting Standards (IFRSs)

Amendments to IFRSs that are mandatorily effective for the current year
New and revised standards and interpretations that are mandatorily effective as per 1 January 2019 have been implemented.

Effective from 1 January 2019, Wrist has implemented the following new or changed standards (IAS and IFRS) and interpretations:

- IFRS 16 'Leases'. See separate section below.
- Annual improvements to IFRSs 2015-2017.
- IFRIC 23 Uncertainty over income tax treatment (issued 2017, effective date 1 January 2019).

Besides the impact from IFRS 16, the adoption of the new and amended standards has not impacted the financial performance or financial position of the Group in 2019.

In the following section, the impact on recognition, measurement and presentation from IFRS 16 'Leases' is described. The standard has a significant impact on the Group's EBITDA, but an insignificant impact on profit (loss) for the year. Besides classification, equity and the consolidated statement of cash flows are not affected.

IFRS 16, Leases
On 1 January 2019,The Group implemented IFRS 16, 'Leases', which replaced IAS 17 and IFRIC 4. The Group has implemented IFRS 16 with retrospective effect. The Group has used the relief from restating comparative figures (modified retrospective method). Therefore, the comparative figures are prepared and presented in accordance with IAS 17 and IFRIC 4.

The most important changes resulting from IFRS 16 compared to IAS 17 can be summarised as follows:

- The dual model in IAS 17 with operating and finance leases has been ceased. Under IFRS 16, all leases, except for short-term leases and 'low-value' leases, shall be recognised in the balance sheet.
- Fixed lease payments are recognised as lease liabilities and lease assets. Lease assets are depreciated and interests on lease liabilities are recognised as financial expenses (both below EBITDA). Under IAS 17, fixed lease expenses were recognised as other external expenses (above EBITDA).
- Lease debt repayments are classified as cash flows from financing activities, and payments of interest are classified as cash flows from operating activities in the statement of cash flows. Under IAS 17, all lease payments were classified as cash flows from operating activities.

As permitted when applying IFRS 16 for the first time, we have used the following practical expedients and:

- elected not to reassess whether a contract is, or contains, a lease on 1 January 2019
- elected not to recognise leases with a remaining term of 12 months or less on transition
- elected not to recognise leases with a low value (such as tablets and personal computers, small items of office furniture and telephones).

Our accounting policies for leases are described in note 29.

Impact on our consolidated financial statements

On 1 January 2019, Wrist recognised lease assets amounting to DKK 354m and lease obligations amounting to DKK 369m.

The most affected class of property, plant and equipment is land and buildings. This category comprises all our sales and logistics premises globally.
Lease assets classified as fixtures and fittings, tools and equipment primarily include trucks, containers and cars used for daily operations.

Under IAS 17, our operating lease obligations at 31 December 2018 amounted to DKK 306,3m (net present value). Compared to the recognised lease obligations at 1 January 2019 under IFRS 16, the operating lease obligations were DKK 63m lower.

	DKK'000
Operating lease obligation as of 31 December 2018 (IAS 17)	**383,073**
Discounting impact of operating lease commitments as at 1 January 2019	-65,932
Commitments relating to leases previously classified as finance lease	25,692
Short-term leases	-1,493
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	12,084
Leases previously not recognised or disclosed	16,219
Lease obligation recognised as of 1 January 2019 (IFRS 16)	**369,643**

New and revised IFRSs in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. The group’s assessment of the impact of these new standards and interpretations is set out below:

Other new or revised IFRS

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 29, 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 that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 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.

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 in order 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 12.

Revenue recognition
Revenue for the sale of goods is recognised in accordance with IFRS 15, when Wrist Ship Supply 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 Wrists costs related to the goods delivered as a minimum. Therefore, revenue related to the unconsumed and not invoiced part of goods delivered is recognised at an amount that equals cost and included as a contract asset as part of the trade receivables.

Preference shares
Management has used judgements in determining the accounting treatment in the consolidated financial statements of preference shares issued by the subsidiary Wrist Ship Supply Holding A/S. The preference shares carry a preference right to distribution of proceeds from Wrist Ship Supply Holding A/S in an aggregate amount equal to the initial investment amount paid with the addition

of accumulating compounding return of 11% annually. The preference shares does not carry any voting rights or right of representation at the annual general meeting, and decisions about distributions are at the sole discretion of the annual general meeting.

However, in the event of a transfer of control in the subsidiary or any entity holding directly or indirectly shares in the subsidiary (including W.S.S. Holding A/S), whereby Altor ceases to own directly or indirectly more than 50% of the shares in the subsidiary, or in the event of an IPO of the shares of the subsidiary or any entity holding directly or indirectly shares in the subsidiary, the preference share investors has the option to sell the preference shares to W.S.S. Holding A/S. W.S.S. Holding A/S may thus be obligated to purchase the preference shares in Wrist Ship Supply Holding A/S as a consequence of a transfer of control or an IPO of its own shares or its parent entities, which is outside the control of W.S.S. Holding A/S.

Consequently, management has assessed that W.S.S. Holding A/S does not have an unconditional right to avoid payment in cash for the preference shares in the subsidiary, and the preference shares are therefore accounted for as a liability in the consolidated financial statements and not as non-controlling interests.

IFRS 16 Leases
The Group has performed a detailed impact assessment of IFRS 16. The assessment includes certain management estimates with the most significant being the estimated discount rate and the expected number of years for contracts including prolongation options for especially contracts related to leasing of land and buildings. The Group has used its incremental borrowing rate as discount rate. The discount rate has been estimated to around 4% p.a. in average. The expected number of years for the leasing contract with prolongation options is estimated for each contract based upon the Group’s strategy plan and local expectations.

	2019 DKK'000	2018 DKK'000
2 Net sales		
Europe	2,350,603	2,418,648
Northern America	1,119,763	1,033,397
Asia	609,257	410,301
Middle East and Africa	409,627	274,141
Other regions	168,726	140,024
	4,657,976	**4,276,511**
Hereof sales of services	**88,974**	**69,003**

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.

	2019 DKK'000	2018 DKK'000
3 Fees to auditors appointed at the annual general meeting		
Statutory audit	2,371	5,102
Tax and VAT services	625	379
Non-audit services	863	700
Fee to auditors	**3,859**	**6,180**
Statutory audit (other auditors)	1,222	336
Other assurance engagements (other auditors)	14	0
Tax and VAT services (other auditors)	1,455	2,204
Non-audit services (other auditors)	736	137
Other fees	**3,427**	**2,677**
	7,286	**8,858**

4 Staff costs

	2019 DKK'000	2018 DKK'000
Wages and salaries and related expenses	499,689	432,631
Pension costs	25,086	23,059
Other social security costs	33,267	25,519
Other staff costs	42,130	43,084
	600,172	**524,294**
Global:		
Average number of full-time employees at 31 December	1,472	1,361
Number of full-time employees at 31 December	1,488	2,142
Denmark:		
Average number of full-time employees at 31 December	295	267
Number of full-time employees at 31 December	328	555

	Directors/ Executive Board DKK'000	Other top manage-ment DKK'000	Total DKK'000
4 Staff costs continuing			
Salary	3,240	11,999	15,239
Bonus	600	2,146	2,746
Pension, company contributions	0	392	392
Benefits (car, housing, phone etc.)	240	1,293	1,533
Cost at 31 December 2019	**4,080**	**15,830**	**19,910**
Salary	5,635	8,750	14,385
Bonus	727	1,547	2,274
Pension, company contributions	0	577	577
Benefits (car, housing, phone etc.)	243	1,025	1,268
Cost at 31 December 2018	**6,605**	**11,899**	**18,504**

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 2019 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 2019 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.

4 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 A/S Group.

	Warrants	Excercise prises DKK'000
Number of outstanding warrants		
1 January 2018	1,200	60,544 - 64,808
Issue of new warrants	24	
Excercised by share subscription	-63	
31 December 2018	1,161	64,808 - 111,158
Issue of new warrants	165	
Excercised by share subscription	0	
31 December 2019	1,326	64,808 - 120,015
Share valuation at 31 December 2019:		
Undiluted		122,896
Diluted		121,817

	2019 DKK'000	2018 DKK'000
5 Other operating income		
Rent income	5,308	0
Gain from sale of non-current assets	7,268	0
Other income	1,526	0
	14,102	**0**

	2019 DKK'000	2018 DKK'000
6 Depreciation and amortisation		
Amortisation of intangible assets	39,906	29,525
Depreciation of property, plant and equipment	26,134	27,018
Depreciation of leased property and equipment	81,540	1,142
Leasehold improvements	6,193	5,795
	153,773	**63,480**

	2019 DKK'000	2018 DKK'000
7 Financial income		
Interest income arising from Group enterprises	903	0
Interest income	1,356	9,364
Other financial income	524	917
	2,783	**10,281**

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

	2019 DKK'000	2018 DKK'000
8 Financial expenses		
Interest expenses	46,803	53,777
Loan and interest expenses preference shares	29,018	20,466
Exchange rate adjustments	2,616	2,544
Interest from leases	19,621	2,393
Other financial expenses	25,003	19,624
	123,061	**98,804**

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

9 Income tax

	2019 DKK'000	2018 DKK'000
Current tax:		
Current tax on profit for the year	18,717	22,592
Adjustment in respect of prior years	1,142	3,685
Total current tax	19,859	26,277
Adjustment of deferred tax asset/liability	-13,490	-512
Adjustment deferred tax due to tax rates	-34	241
Adjustment of deferred tax asset/liability in respect of prior years	685	-1,219
	-12,839	-1,490
Total income tax	**7,020**	**24,787**

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:

	2019 DKK'000	2018 DKK'000
Earnings before tax	**212**	**60,691**
Calculated tax at Danish statutory rate of 22%	47	13,352
Effect from difference in tax rate in foreign subsidiaries	-1,411	2,302
Adjustment in respect of prior years	1,826	2,466
Effect from change in local tax rate	-33	241
Income/Loss from associates and expenses from subsidaries	-1,519	0
Change in tax legislation	-1	0
Withholding taxes	23	0
Income / expenses not subject to tax	8,088	6,426
Tax charge	**7,020**	**24,787**
Fair value adjustments etc. of financial instruments in order to hedge future cash flows	80	0
Tax on other comprehensive income	**80**	**0**

10 Intangible assets	Goodwill DKK'000	Software DKK'000	Other intangible DKK'000	Intangible assets in development DKK'000	Total DKK'000
Cost at 1 January 2019	**1,304,191**	**136,779**	**91,843**	**0**	**1,532,813**
Reclassifications to opening balance	0	-194	0	0	-194
Exchange rate adjustments	16,885	178	1,042	0	18,105
Additions from acquisitions	34,400	229	17,660	0	52,289
Additions	0	9,116	0	0	9,116
Disposals	-704	0	0	0	-704
Cost at 31 December 2019	**1,354,772**	**146,108**	**110,545**	**0**	**1,611,424**
Amortisation at 1 January 2019	**458**	**75,313**	**30,071**	**0**	**105,842**
Reclassifications to opening balance	0	-3,553	3,359	0	-194
Exchange rate adjustments	0	75	572	0	647
Amortisation for the year	0	19,539	20,367	0	39,906
Amortisation at 31 December 2019	**458**	**91,374**	**54,369**	**0**	**146,201**
Carrying amount at 31 December 2019	**1,354,314**	**54,734**	**56,176**	**0**	**1,465,224**
Cost at 1 January 2018	**1,164,794**	**106,524**	**49,067**	**9,287**	**1,329,672**
Exchange rate adjustments	19,303	513	2,559	0	22,375
Additions from acquisitions	120,094	0	40,217	0	160,311
Additions	0	20,686	0	0	20,686
Disposals	0	-231	0	0	-231
Transfer	0	9,287	0	-9,287	0
Cost at 31 December 2018	**1,304,191**	**136,779**	**91,843**	**0**	**1,532,813**
Amortisation at 1 January 2018	**0**	**56,104**	**18,810**	**0**	**74,914**
Exchange rate adjustments	0	323	1,286	0	1,609
Amortisation for the year	0	19,092	9,975	0	29,067
Writedown for the year	458	0	0	0	458
Reversal regarding disposals	0	-206	0	0	-206
Amortisation at 31 December 2018	**458**	**75,313**	**30,071**	**0**	**105,842**
Carrying amount at 31 December 2018	**1,303,733**	**61,466**	**61,772**	**0**	**1,426,971**

	Land and buildings DKK'000	Fixtures and fittings, tools and equipment DKK'000	Leasehold improve-ments DKK'000	Ships DKK'000	Prepayments for property, plant and equipment DKK'000	Total DKK'000
11 Property, plant and equipment						
Cost at 1 January 2019	**102,684**	**213,028**	**51,611**	**36,198**	**598**	**404,119**
Reclassifications to opening balance	0	6,279	111	0	0	6,390
Transferred to leased asset 1 January	-31,969	-2,997	0	0	0	-34,966
Exchange rate adjustments	1,685	5,395	362	0	151	7,593
Additions from acquisitions	2,907	1,857	0	0	0	4,764
Additions	147	9,078	10,054	509	-118	19,671
Disposals	-10,916	-11,971	-7,110	0	-108	-30,105
Transfer	0	-1,874	523	0	-523	-1,874
Cost at 31 December 2019	**64,538**	**218,795**	**55,551**	**36,707**	**0**	**375,592**
Depreciation at 1 January 2019	**45,526**	**155,970**	**28,989**	**15,650**	**0**	**246,135**
Reclassifications to opening balance	0	6,279	111	0	0	6,390
Transferred to leased asset 1 January	-4,520	-2,302	0	0	0	-6,822
Exchange rate adjustments	959	3,945	295	0	0	5,199
Depreciation for the year	5,334	18,468	6,193	2,333	0	32,328
Reversal regarding disposals	-9,461	-10,451	-5,006	0	0	-24,918
Transfer	0	-276	0	0	0	-276
Depreciation at 31 December 2019	**37,838**	**171,633**	**30,582**	**17,983**	**0**	**258,036**
Carrying amount at 31 December 2019	**26,700**	**47,162**	**24,969**	**18,724**	**0**	**117,556**
Cost at 1 January 2018	**101,938**	**208,554**	**47,682**	**35,356**	**546**	**394,076**
Exchange rate adjustments	1,564	2,839	1,014	0	-16	5,401
Additions from acquisitions	0	7,148	47	0	0	7,195
Additions	0	8,027	3,030	842	601	12,500
Disposals	-723	-11,529	-162	0	-533	-12,947
Transfer	-95	-2,011	0	0	0	-2,106
Cost at 31 December 2018	**102,684**	**213,028**	**51,611**	**36,198**	**598**	**404,119**
Depreciation at 1 January 2018	**38,597**	**146,652**	**22,685**	**13,477**	**0**	**221,411**
Exchange rate adjustments	809	2,076	643	0	0	3,528
Depreciation for the year	6,120	19,871	5,791	2,173	0	33,955
Reversal regarding disposals	0	-10,523	-130	0	0	-10,653
Transfer	0	-2,106	0	0	0	-2,106
Depreciation at 31 December 2018	**45,526**	**155,970**	**28,989**	**15,650**	**0**	**246,135**
Carrying amount at 31 December 2018	**57,158**	**57,058**	**22,622**	**20,548**	**598**	**157,984**
Hereof financial leases	**27,449**	**695**	**0**	**0**	**0**	**28,144**

12 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 2019, the consolidated goodwill is booked at DKK 1,354m (2018: 1,304m), which is allocated to the CGU of Wrist Ship Supply Holding Group. W.S.S. Holding Group performed impairment test of the carrying amount of goodwill at 31 December 2019 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 net sales, gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2023.

Budgets and projections for the 2020-2023 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 2023 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 of 1% is used in the terminal period.

The discount rates used to calculate the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks associated with the individual geographic segments. The discount rates used for Wrist Ship Supply Group is 7.7% and 8.0% before tax (2018: 8.4% and 8.9% before tax).

	Increase in EBIT from 2019 until terminal period	Increase of Net Working Capital from 2019 until terminal period
Key assumptions from the impairment testing of goodwill are as follows:		
2019		
Wrist Ship Supply Holding Group	8%	8%
2018		
Wrist Ship Supply Holding Group	9%	9%

The impairment tests performed at 31 December 2019 for Wrist Ship Supply Holding 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.

13 Leases

Leased assets

	Leased buildings DKK'000	Leased equipment DKK'000	Total DKK'000
Cost at 1 January 2019 (former recognised as financial leases)	**31,969**	**2,997**	**34,966**
Impact of accounting policy change	309,463	44,766	354,229
Adjusted cost at 1 January 2019	341,432	47,763	389,195
Exchange rate adjustments	3,405	1,121	4,526
Additions from acquisitions	9,718	0	9,718
Additions	57,829	22,579	80,408
Disposals	-34,936	-2,755	-37,692
Transfer	-3	1,877	1,874
Cost at 31 December 2019	**377,445**	**70,585**	**448,030**
Depreciation at 1 January 2019 former recognised as financial leases	**4,521**	**2,302**	**6,823**
Exchange rate adjustments	220	311	531
Depreciation for the year	59,427	22,113	81,540
Reversal regarding disposals	-7,945	-2,750	-10,695
Transfer	-2	278	276
Depreciation at 31 December 2019	**56,220**	**22,254**	**78,475**
Carring amount at 31 December 2019	**321,224**	**48,331**	**369,555**

Lease liabilities

	2019 DKK'000	2018 DKK'000
Within 1 year	88,427	8,491
Between 1-3 years	139,452	11,703
Between 3-5 years	136,813	829
More than 5 years	127,007	0
Total undiscounted lease payments	**491,700**	**21,023**
Carrying amount at 31 December	**388,279**	**0**

13 Leases continuing

	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Financial lease commitments 2018			
Minimum lease payments	3,550	26,775	0
Present value of minimum lease payments	3,283	22,409	0

Operating lease commitments, 2018

Operating leases related to leases of building and equipment with lease terms between 5 and 10 years. The Group does not have an option to purchase the leased building or equipment at the end of the lease terms.

	Payments due 1 year DKK'000	Payments due between 1-5 years DKK'000	Outstanding after 5 years DKK'000
Minimum lease payments	97,657	222,157	63,259
Present value of minimum lease payments	91,115	174,810	40,331

	2019 DKK'000	2018 DKK'000
Leases recognised in the Profit Loss Statement		
Income from subleases	5,308	0
Short-term*) and low-value leases expenses	4,716	0
Variable lease payment expenses and additional costs	2,314	0
Interest from leases	19,621	0

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

14 Subsidiaries

Company name	Registered office in	City	Ownership share %
Wrist Ship Supply Holding A/S	Denmark	Noerresundby	90.15
Wrist Ship Supply A/S	Denmark	Noerresundby	100
Danish Supply Corporation A/S	Denmark	Esbjerg	100
Garrets International A/S	Denmark	Noerresundby	100
Gasværksvej Aalborg A/S	Denmark	Noerresundby	100
Saga Shipping A/S	Denmark	Skagen	100
ATR Skagen ApS	Denmark	Skagen	100
Skagen Lodseri A/S	Denmark	Skagen	100
SkawPilot ApS	Denmark	Skagen	49
J.A. Arocha S.L.	Spain	Las Palmas	100
Wrist Ship Supply Spain S.L.	Spain	Algeciras	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100
Wrist Africa Tanger SARL	Marocco	Tanger	100
Wrist Europe (Norway) AS	Norway	Haugesund	100
Wrist Europe (Marseille) SAS	France	Marseille	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100
Den Helder Stores B.V.	Netherlands	Den Helder	100
Wrist-Klevenberg Ship Supply NL B.V.	Netherlands	Rotterdam	100
C. Maat Transport B.V.	Netherlands	Rotterdam	100
Wrist Souring Office Rotterdam B.V.	Netherlands	Rotterdam	100 **
Kubo Supply and Trading N.V.	Belgium	Antwerp	100
Stevedoring & Trading Company Brabo NV	Belgium	Antwerp	100
Van Hulle Shipsuppliers Importers-Exporters NV	Belgium	Antwerp	100
Wrist Holding UK Ltd.	United Kingdom	London	100
Strachans Ltd.	United Kingdom	Peterhead	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100
Garrets Holding Limited	United Kingdom	Romford	100
Garrets Bidco 2 Limited	United Kingdom	Romford	100
Garrets Bidco Limited	United Kingdom	Romford	100
Garrets International Limited	United Kingdom	Romford	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100
Wrist Middle East (U.A.E.) LLC	Dubai, U.A.E.	Dubai	49
Wrist North America Inc.	USA	Pasadena	100
Marwest LLC	USA	Oakland	100 *
East Coast Ship Supply LLC	USA	New Jersey	100
Wrist USA (Houston) Inc	USA	Pasadena	100
World Delivery Enterprises LLC	USA	Pasadena	100
Klevenberg USA Inc.	USA	Pasadena	100
Klevenberg USA Holding Inc.	USA	Pasadena	100
Karlo Corporation Supply & Services	Canada	Montreal	100

* Wrist Middle East (UAE) LLC is controlled by Wrist Ship Supply A/S according to shareholders agreement.
** As of 21 August 2019 Wrist Kooyman Ship Supply B.V. was merged into Wrist-Klevenberg Ship Supply NL B.V.

15 Acquisitions of companies

On 7 July 2019 Wrist Ship Supply A/S (parent company) acquired 100% of the issued share capital of Stevedoring & Trading Company Brabo NV and Van Hulle Ship-suppliers Importers-Exporters NV, Belgium (hereafter “Van Hulle”). The acquisition has significantly increased the group’s market share in the ARA Region and complements the group's existing business area Ship Supply.

Geographically, the business is driven from its locations in Antwerp and Zeebrugge where Van Hulle has large and modern warehouse and storage facilities, centrally located in the port areas.

With fifty years of experience, Van Hulle has a broad value proposition within ship and project supplies, maritime catering, worldwide victualling management, spare parts logistics and a wide range of maritime supporting services.

The acquisition was motivated by the objective of bringing Wrist into the leading position in the ARA region and furthermore, the business combination will leverage from operating synergies and the Wrist sourcing platform since the two acquired companies are in the same industry. Thus, the recognised goodwill mainly relates to the expertise and insight of the acquired workforce and expected synergies from the integration into the Wrist Group. None of the goodwill recognised is expected to be deductible for income tax purpose.

The acquisition price for 100% of the shares was DKK 118m. Acquisition related costs amounts to DKK 4m and included in administrative expenses in profit and loss and in the cash flows in the statement of cash flows.

The acquired business contributed net sales of DKK 115m and EBT of DKK 13m to the group for the period from 7 July to 31 December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma net sales and EBT for the year ended 31 December 2019 would have been DKK 217m and DKK 29m respectively. These amounts have been calculated using the subsidiary’s results and adjusting them for differences in the accounting policies between the group and the subsidiary.

15 Acquisition of companies continuing

The assets and liabilities recognised as a result of the acquisition are as follows:

	2019 DKK'000
Non-current assets	
Customer relations	17,660
Software	229
Land and buildings	2,907
Fixtures and equipment	1,857
Leased assets	9,718
Current assets	
Inventories	16,481
Account receivable	35,834
Other current receivables	21,654
Cash and cash equivalents	27,363
Non-current and current liabilities	
Provisions	-112
Deferred tax	-6,013
Lease liabilities	-10,827
Accounts payable	-25,094
Corporate tax	-4,080
Other debt	-5,676
Net identifiable assets acquired	**81,901**
Other adjustments	1,387
Goodwill	34,400
Net assets acquired	**117,688**
Cash and cash equivalents acquired	-27,363
Deferred considerations	-19,612
Cash flow from acquisition of enterprises	**70,713**

	Intangible assets DKK'000	Tangible assets DKK'000	Financial non-current assets DKK'000	Current assets DKK'000	Provisions DKK'000	Taxable losses DKK'000	Long term liabilities DKK'000	Short term liabilities DKK'000	Total deferred tax DKK'000
16 Deferred tax asset and deferred tax liabilities									
Deferred tax at 1 January 2019	**27,796**	**555**	**-1,370**	**-7,353**	**-3,867**	**-1,981**	**-7,379**	**-507**	**5,894**
Adjustments to opening balance	19,838	3,149	-2,291	2,002	-3,684	-917	-9,083	-9,014	0
Exchange rate adjustments	49	18	0	-8	0	-7	42	-5	89
Change from acquisitions	6,004	8	0	0	0	0	0	0	6,012
Charge to the income statement	-5,436	-13,728	-697	609	126	40	5,289	308	-13,489
Adjustments to previous years (through the income statement)	-13,310	6,805	1,255	418	3,595	761	-6,061	7,222	685
Change in tax rate (through the income statement)	-6	2	0	0	0	-11	0	1	-14
Other adjustments	0	30,880	-258	0	0	-298	-30,880	0	-556
Deferred tax at 31 December 2019	**34,935**	**27,689**	**-3,361**	**-4,332**	**-3,830**	**-2,413**	**-48,072**	**-1,995**	**-1,381**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	30,869
Deferred tax liability	29,488
Deferred tax asset year end, net	**1,381**

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

	Intangible assets DKK'000	Tangible assets DKK'000	Financial non-current assets DKK'000	Current assets DKK'000	Provisions DKK'000	Taxable losses DKK'000	Long term liabilities DKK'000	Short term liabilities DKK'000	Total deferred tax DKK'000
Deferred tax at 1 January 2018	**16,923**	**563**	**0**	**-6,726**	**-3,832**	**-884**	**-7,924**	**-362**	**-2,242**
Exchange rate adjustments	308	1	-728	-203	1	28	375	17	-201
Change from acquisitions	9,232	0	0	0	0	0	0	0	9,232
Charge to the income statement	1,317	300	-2,446	-424	-36	0	170	-162	-1,281
Other comprehensive income	16	0	0	0	0	0	0	0	16
Adjustments to previous years (through the income statement)	0	-93	0	0	0	-1,125	0	0	-1,218
Other adjustments	0	-216	1,804	0	0	0	0	0	1,588
Deferred tax at 31 December 2018	**27,796**	**555**	**-1,370**	**-7,353**	**-3,867**	**-1,981**	**-7,379**	**-507**	**5,894**

Deferred tax is presented in the balance sheet as follows:	
Deferred tax asset	18,360
Deferred tax liability	24,254
Deferred tax asset year end, net	**-5,894**

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

17 Trade receivables

	2019 DKK'000	2018 DKK'000
Trade receivables	754,800	724,807
Contract assets	62,670	82,275
Provisions for impairment of trade receivables	-18,429	-19,623
	799,041	**787,459**
Impairment losses at 1 January	-19,611	-16,394
Exchange rate adjustments	-234	-2,317
Losses realised for the year	1,186	2,482
Provisions for bad debt for the year	-5,606	-3,394
Reversed, unrealised impairment of receivables	5,836	0
Impairment losses at 31 December	**-18,429**	**-19,623**

The expected credit losses in income statement amount to DKK 956 (2018: DKK 5,878).

	31 December 2019 DKK'000	31 December 2018 DKK'000	1 January 2018 DKK'000
Contract assets			
Provision and stores management	62,670	82,275	65,044
Revenue recognised in the period from performance obligations satisfied in previous periods	82,275	65,044	46,915

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.

			Past due at 31 December 2019			
	Total DKK'000	Not past due DKK'000	< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	817,470	432,781	148,241	89,320	43,849	103,279
Expected credit loss rate (%)		0.6%	0.5%	0.4%	2.3%	13.2%
Estimated total gross carrying amount at default	18,429	2,636	781	382	993	13,638

			Past due at 31 December 2018			
	Total DKK'000	Not past due DKK'000	< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	806,993	411,200	149,351	91,667	57,953	96,822
Expected credit loss rate (%)		0.5%	0.5%	1.5%	1.7%	15.0%
Estimated total gross carrying amount at default	19,623	1,964	747	1,375	1,014	14,523

	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	Provisions for others DKK'000	Total provisions DKK'000
18 Provisions						
Provisions at 1 January 2019	1,018	7,347	3,673	2,138	44	14,220
Exchange rate adjustments	2	81	117	48	0	248
Additions from acquisitions	0	112	0	0	0	112
Increase	2	646	0	0	0	648
Discounting interests	0	189	54	0	0	243
Decrease	-98	-898	0	-1,561	-44	-2,601
Provisions at 31 December 2019	**924**	**7,477**	**3,844**	**625**	**0**	**12,870**
Non-current provisions	**924**	**7,364**	**3,411**	**0**	**0**	**11,699**
Current provisions	**0**	**112**	**434**	**626**	**0**	**1,172**
Provisions at 1 January 2018	**1,097**	**6,991**	**3,667**	**0**	**0**	**11,755**
Exchange rate adjustments	2	89	33	-13	0	111
Additions from acquisitions	0	0	0	2,336	0	2,336
Increase	117	220	0	0	44	381
Discounting interests	0	162	77	0	0	239
Decrease	-198	-115	-104	-185	0	-602
Provisions at 31 December 2018	**1,018**	**7,347**	**3,673**	**2,138**	**44**	**14,220**
Non-current provisions	**1,851**	**10,576**	**4,889**	**1,897**	**0**	**19,213**
Current provisions	**0**	**477**	**1,244**	**241**	**44**	**2,006**

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.

19 Non-current liabilities

	Payments due 1 year 2019 DKK'000	Payments due between 1-5 years 2019 DKK'000	Outstand-ing after 5 years 2019 DKK'000
Debt to mortgage credit institutions	101	405	734
Lease debt	84,443	303,836	0
Debt to credit institutions	0	762,016	0
Debt to group enterprises	0	41,573	0
Other debt	0	64	0
	84,544	**1,107,894**	**734**

	Payments due 1 year 2018 DKK'000	Payments due between 1-5 years 2018 DKK'000	Outstand-ing after 5 years 2018 DKK'000
Debt to mortgage credit institutions	159	1,043	1,274
Lease debt	1,230	26,685	0
Debt to credit institutions	147,819	539,136	0
Other debt	0	0	0
	149,208	**566,864**	**1,274**

20 Other payables

	2019 DKK'000	2018 DKK'000
Social security and other related expenses	62,734	54,898
Customer bonuses	85,434	63,763
Commissions	7,126	13,155
Financial instruments - market value	138	127
Other accrued expenses	66,219	41,739
	224,550	**174,688**

21 Change in working capital

	2019 DKK'000	2018 DKK'000
Increase/decrease in inventories	8,617	12,243
Increase/decrease in receivables	96,587	34,443
Increase/decrease in trade payables etc.	-129,419	51,912
	-24,215	**98,598**

22 Adjustments for non-cash items

	2019 DKK'000	2018 DKK'000
Financial income and expenses	112,146	59,438
Gains/losses from sale of non-current assets	-7,268	-1,986
Change in provisions	-3,293	1,129
Other adjustments	1,462	106
	103,047	**58,687**

23 Reconciliation of liabilities arising from financing activities

	Long-term borrowings DKK'000	Short-term borrowings DKK'000	Lease liabilities DKK'000	Total liabilities from financing activities DKK'000
1 January 2019	**541,453**	**149,208**	**26,685**	**717,346**
Cash flows	50,000	0	-130,226	-80,225
Non-cash change:				
Impact of IFRS 16 implementation	0	0	369,644	369,644
Additions lease liabilities	0	0	80,408	80,408
Additions from acquisitions	0	0	10,827	10,827
Foreign exchange movement	7,858	0	4,691	12,549
Reclassifications	163,908	-149,108	26,251	41,050
31 December 2019	**763,219**	**101**	**388,280**	**1,151,600**
1 January 2018	**706,289**	**114,083**	**29,698**	**978,939**
Cash flows	0	-157,245	-3,013	-55,326
Foreign exchange movement	22,177	5,357	0	27,534
Proceeds from borrowings Group enterprises	198,782	0	0	198,782
Conversion of debt to equity	-198,782	0	0	-198,782
Reclassifications	-187,013	187,013	0	0
31 December 2018	**541,453**	**149,208**	**26,685**	**971,613**

24 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totalling DKK 1,240k. The book value is DKK 3,890k as at 31 December 2019.

Financial lease commitments, 2018
The Group is obligated to purchase Gasværksvej 46-48, Denmark in 2020 for DKK 25m. Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 2,499k. The rental income for the year is DKK 3,600k which is included in Other external expenses.

Operating lease commitments, 2018
Tenants have rental commitments vis-à-vis Wrist Ship Supply A/S in period of notice DKK 1,857k. The rental income for the year is DKK 3,485k which is included in Other external expenses.

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 Related parties and group relations

	2019 DKK'000	2018 DKK'000
Financial items, net	1,790	1,713
Financial payables	41,573	39,783

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

26 Financial risks and financial instruments

Categories of financial instruments

All financial assets and financial liabilities in Wrist are measured at amortised cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss. Derivatives are included in Other receivables with carrying amounts of DKK 0k (2018: DKK 487k) and in Other payables with carrying amounts of DKK 138k (2018: DKK 175k).

Financial risk management

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

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). In order to reduce the exchange rate risk, the 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 investment currency. Consequently, material currency exposure for the Group is limited to translation risks related to foreign subsidiaries, and the loans taken out to finance these investments.

The Group is mainly exposed to the currencies USD and GBP.

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.

	USD impact		GBP impact	
	2019	2018	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000
Impact on profit/(loss) from translation of debt	5,475	24,929	3,601	2,796
Impact on equity from translation of debt and investments in subsidiaries	24,944	31,387	33,945	21,850

26 Financial risks and financial instruments continuing

Interest rate risk

The interest rates of credit facilities are variable. Wrist uses derivative contracts to hedge the interest rate risk in accordance with the Risk Management Strategy approved by the Board of Directors, according to which 50-75% of interest risks related to variable interest bearing financial assets and liabilities must be hedged for a period of 12-36 months. Under the interest rate derivative contracts, the Group agrees to exchange the difference between fixed and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable-rate debt.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, Wrist performs a qualitative assessment of hedge effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and Wrist's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Interest swap contract assets and liabilities are included in the "Other receivables" and "Other payables" line items in the consolidated statement of financial position respectively.

26 Financial risks and financial instruments continuing

	Currency	DKK'000	2019 Book value	2018 Book value
Derivative financial instruments hedging future cash flow				
Currency and DKK				
Loan DKK, expiring December 2022				-127
Loan USD, expiring December 2022	0	0	0	154
Loan DKK, expiring December 2022	0	0	0	-143
Loan GBP, expiring December 2022	0	0	0	3
Loan GBP, expiring December 2022	0	0	0	8
Loan USD, expiring December 2022	0	0	0	466
		0	**0**	**361**

	Average contracted fixed interest rate		Notional principal value		Fair value assets (liabilities)	
	2019	2018	2019	2018	2019	2018
	%	%	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments						
Less than 1 year	0.00	0.67	0	394,660	0	361
1 to 5 years	0.00	0.00	0	0	0	0
After 5 years	0.00	0.00	0	0	0	0
			0	**394,660**	**0**	**361**

	Notional principal value		Fair value assets (liabilities)	
	2019	2018	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments Foreign currencies				
Less than 1 year	0	320,137	0	-48
1 to 5 years	320,369	0	-138	0
After 5 years	0	0	0	0
	320,369	**320,137**	**-138**	**-48**

	Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	
	2019	2018	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging items				
Foreign currencies	-138	-48	0	0
Variable rate borrowings	0	361	0	0
	-138	**313**	**0**	**0**

26 Financial risks and financial instruments continuing

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher and all other variables constant, the Group's profit for the year ended 31 December 2019 would decrease by DKK 7.6m (2018: decrease by DKK 4.9m) due to the Group's exposure to interest rates on variable-rate borrowings, partly offset by a change in the fair value of interest rate derivative contracts.

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.

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 centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow on a monthly basis matches the planned cash needs. The entities in the W.S.S. Holding A/S Group have a positive cash flow on a monthly basis. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves.

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised 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

W.S.S. Holding Group measures financial instruments hedging future cash flow 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, discounted at a rate that reflects the credit risk of various counterparties.

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

Capital structure

The Group's management assesses whether the Group's capital structure is in line with the interests of the Group and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2019, the Group's net interest-bearing debt comprise DKK 991m (2018: DKK 580m), 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 2019.

27 Preference shares

DKK'000	2019 DKK'000	2018 DKK'000
Preference shares at 1 January	**254,267**	**128,869**
Additions on preference shares	0	104,932
Loan and interest expenses preference shares	29,018	20,466
Preference shares at 31 December	**283,285**	**254,267**

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).

See note 1.2 “Critical accounting judgements and key sources for uncertainty” for explanation of the accounting treatment of the preference shares.

28 Events after the reporting period

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

The company has not yet seen any significant impact from the global Covid-19 pandemic, neither in net sales nor the cash flow from operations. It is currently not possible to estimate the long term impact from Covid-19.

29 Accounting policies

The 2019 annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

Accounting policies are as described below.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of W.S.S. Holding A/S (the parent company) and entities controlled by W.S.S. 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 W.S.S. 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 recognised in full in the consolidated 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 recognised in profit/(loss) as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised 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 recognised 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 recognised 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised 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 recognised directly in profit/(loss). An impairment loss recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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 recognised 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 recognised in profit/(loss), except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised 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 recognised 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.

Sale 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 recognised at amount that equals cost. When the goods are consumed by the customers, any additional considerations are recognised as revenue. The corresponding amount in the balance sheet is presented as a contract asset as part of the trade receivables.

Cost of sales

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

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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 recognises 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 recognised 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 recognised 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 a 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 recognised 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 recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised 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.

Policies applicable prior to 1 January 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Employee benefits

Retirement benefit costs and termination benefits

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

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

Short-term and other long-term employee benefits

A liability is recognised 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 recognised 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.

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.

Balance sheet

Intangible assets

Software is recognised initially at cost including the directly attributable cost of preparing the software for its intended use. Software is amortised on a straight-line basis over the estimated useful life (3-5 years).

Internally generated assets arising from development are recognised 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 recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation 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 recognised 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 recognised 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 derecognised 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 recognised 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 amortised cost, which usually corresponds to the nominal value less write-down for bad debts.

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

Provisions

Provisions are recognised 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 recognised 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 recognised 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 amortised 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 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 recognised in profit/(loss). For financial assets measured at amortised 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 recognised, the previously recognised impairment loss is reversed through profit/(loss) to the extent that the carrying amount of the investment.

An allowance for expected credit losses is recognised on initial recognition of all financial assets measured at amortised 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.

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 recognised at the proceeds received, net of direct issue costs.

Repurchase of the parent company's own equity instruments is recognised and deducted directly in equity. No gain/(loss) is recognised 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 amortised cost except for liabilities related to derivatives entered into to 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 amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised 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 26.

Derivatives are recognised 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 recognised 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 recognised as a financial asset whereas a derivative with a negative fair value is recognised 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 recognised 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 recognised in profit or loss, they are recognised 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 amortised 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 recognised 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 recognised immediately in profit or loss, and is included in financial items.

Amounts previously recognised 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 recognised 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 recognised 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 2, 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.

PARENT

INCOME STATEMENTS

	Note	2019 DKK'000	2018 DKK'000
Other external expenses	1	-116	-128
Operating profit before interest and tax (EBIT)		**-116**	**-128**
Profit from investments in subsidaries	2	25,984	57,277
Financial expenses	3	-36,227	-27,519
Profit before tax (EBT)		**-10,359**	**29,630**
Income tax	4	1,508	1,641
Net profit for the year		**-8,851**	**31,271**
Attributable to:			
Reserve for net revaluation under the equity method		37,379	68,148
Non-controlling interests		-46,230	-36,877
		-8,851	**31,271**

PARENT

STATEMENTS OF COMPREHENSIVE INCOME

	Note	2019 DKK'000	2018 DKK'000
Net profit for the year		**-8,851**	**31,271**
Other comprehensive income			
Items that can be reclassified to the income statement when certain conditions are met:			
Exchange differences, foreign entities		10,951	10,870
Fair value adjustment for the year relating to hedging instruments		-334	-1
Tax on other comprehensive income, transferrable		74	0
Total comprehensive income		**1,840**	**42,140**

PARENT

BALANCE SHEETS, ASSETS

	Note	2019 DKK'000	2018 DKK'000
Investment in subsidiaries	5	1,231,004	1,193,885
Deferred tax assets	6	1,892	1,575
Other non-current assets		**1,232,896**	**1,195,460**
Total non-current assets		**1,232,896**	**1,195,460**
Receivables from group enterprises		1,500	341
Income tax receivable		1,304	1,273
Other receivables		1,398	2,793
Receivables		**4,202**	**4,407**
Cash and cash equivalents		**990**	**1,124**
Total current assets		**5,192**	**5,531**
Total assets		**1,238,088**	**1,200,991**

PARENT

BALANCE SHEET, EQUITY AND LIABILITIES

	Note	2019 DKK'000	2018 DKK'000
Share capital		7,042	7,042
Foreign currency translation reserve		-10,081	-21,032
Reserve for net revaluation under the equity method		134,597	97,478
Retained earnings		739,552	785,337
Total equity		**871,110**	**868,825**
Debt to preference shares holders	16	283,285	254,267
Debt to group enterprises		41,573	0
Total non-current liabilities	7	**324,858**	**254,267**
Debt to group enterprises		41,418	77,182
Other payables	8	702	717
Total current liabilities		**42,120**	**77,899**
Total liabilities		**366,978**	**332,166**
Total equity and liabilities		**1,238,088**	**1,200,991**

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 2020	**7,042**	**-21,032**	**97,478**	**785,337**	**868,826**
Net profit for the year	0	0	37,379	-46,230	-8,851
Exchange differences, foreign entities	0	10,951	0	0	10,951
Fair value adjustment for the year relating to hedging instruments	0	0	-334	0	-334
Tax relating to hedging instruments	0	0	74	0	74
Total comprehensive income	**0**	**10,951**	**37,119**	**-46,230**	**1,840**
Other changes	0	0	0	444	444
Shareholders' equity at 31 December 2020	**7,042**	**-10,081**	**134,597**	**739,552**	**871,110**
Shareholders' equity at 1 January 2019	**7,042**	**-31,902**	**29,331**	**822,214**	**826,685**
Net profit for the year	0	0	68,148	-36,877	31,271
Exchange differences, foreign entities	0	10,870	0	0	10,870
Fair value adjustment for the year relating to hedging instruments	0	0	-1	0	-1
Total comprehensive income	**0**	**10,870**	**68,147**	**-36,877**	**42,140**
Shareholders' equity at 31 December 2019	**7,042**	**-21,032**	**97,478**	**785,337**	**868,826**

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

No dividend was declared in 2018 or 2019.

PARENT

CASH FLOW STATEMENT

	Note	2019 DKK'000	2018 DKK'000
Profit before tax (EBT)		-10,359	29,630
Profit from investments in subsidiaries		0	0
Changes in working capital	9	-1,174	-85
Adjustments for non-cash items	10	14,283	-50,311
Cash flow from ordinary operating activities		**2,750**	**-20,766**
Financial income		0	0
Financial expenses		-4,043	-3,099
Income taxes refunded/paid		1,159	927
Cash flow from operating activities (CFFO)		**-134**	**-22,938**
Acquisition of enterprises		0	0
Cash flow from investing activities (CFFI)		**0**	**0**
Installments on loans etc.	11	0	20,731
Cash flow from financing activities	11	**0**	**20,731**
Cash flow for the year		**-134**	**-2,207**
Cash and cash equivalents at 1 January		1,124	3,331
Currency translation adjustments of cash and cash equivalents		0	0
Cash and cash equivalents at 31 December		**990**	**1,124**

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

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PARENT

NOTES TO THE STATEMENTS

		2019 DKK'000	2018 DKK'000
1	**Fees to auditors appointed at the annual general meeting**		
	Statutory audit	31	57
	Non-audit services	64	33
		95	**90**

		2019 DKK'000	2018 DKK'000
2	**Profit/(loss) from investments in subsidiaries**		
	Profit from investments in subsidiaries	25,984	57,277
		25,984	**57,277**

		2019 DKK'000	2018 DKK'000
3	**Financial expenses**		
	Interest expense arising from Group enterprises	3,253	3,089
	Interest expenses	7	9
	Loan and interest expenses preference shares	29,018	20,466
	Other financial expenses	3,949	3,955
		36,227	**27,519**

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

4 Income tax

	2019 DKK'000	2018 DKK'000
Current tax:		
Current tax on profit for the year	-1,304	-1,273
Adjustment in respect of prior years	114	369
Total current tax	-1,190	-904
Adjustment of deferred tax asset/liability	-479	-567
Adjustment of deferred tax asset/liability in respect of prior years	161	-170
	-318	-737
Total income tax	**-1,508**	**-1,641**

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:

	2019 DKK'000	2018 DKK'000
Earnings before tax	**-10,359**	**29,630**
Income from equity method used towards subsidaries and associates	25,984	57,277
Earnings before tax, Parent company	**-36,343**	**-27,647**
Calculated tax at Danish statutory rate of 22% (of EBT)	-7,995	-6,082
Adjustment in respect of prior years	276	199
Income / expenses not subject to tax	6,211	4,242
Tax charge	**-1,508**	**-1,641**
Effective tax rate (%)	**4.2%**	**5.9%**
Fair value adjustments etc. of financial instruments in order to hedge future cash flows	74	0
Tax on other comprehensive income	**74**	**0**

5 Investments in subsidiaries

	2019 DKK'000	2018 DKK'000
Cost at 1 January	**1,096,407**	**991,475**
Additions	0	104,932
Cost at 31 December	**1,096,407**	**1,096,407**
Value adjustments at 1 January	**97,478**	**29,331**
Exchange rate adjustments	10,951	10,870
Profit for the year after tax	25,984	57,277
Other adjustments	184	0
Value adjustments at 31 December	**134,597**	**97,478**
Carrying amount at 31 December	**1,231,004**	**1,193,885**

6 Deferred tax asset and deferred tax liabilities	Financial non-current assets DKK'000	Current assets DKK'000	Taxable losses DKK'000	Total deferred tax DKK'000
Deferred tax at 1 January 2019	**-567**	**-588**	**-420**	**-1,575**
Charge to the income statement	-479	0	0	-479
Adjustments to previous years (through the income statement)	-258	0	420	162
Deferred tax at 31 December 2019	**-1,304**	**-588**	**0**	**-1,892**
Deferred tax is presented in the balance sheet as follows:				
Deferred tax asset				1,892
Deferred tax liability				0
Deferred tax asset year end, net				**1,892**

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

Deferred tax at 1 January 2018	**0**	**-588**	**-250**	**-838**
Charge to the income statement	-567	0	0	-567
Adjustments to previous years (through the income statement)	0	0	-170	-170
Deferred tax at 31 December 2018	**-567**	**-588**	**-420**	**-1,575**
Deferred tax is presented in the balance sheet as follows:				
Deferred tax asset				1,575
Deferred tax liability				0
Deferred tax asset year end, net				**1,575**

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

	Payments due 1 year 2019 DKK'000	Payments due between 1-5 years 2019 DKK'000	Outstanding after 5 years 2019 DKK'000
7 Non-current liabilities			
Debt to group enterprises	0	41,573	0
Other debt	0	283,285	0
	0	**324,858**	**0**

	Payments due 1 year 2018 DKK'000	Payments due between 1-5 years 2018 DKK'000	Outstanding after 5 years 2018 DKK'000
Other debt	0	254,267	0
	0	**254,267**	**0**

	2019 DKK'000	2018 DKK'000
8 Other payables		
Other accrued expenses	702	717
	702	**717**

	2019 DKK'000	2018 DKK'000
9 Change in working capital		
Increase/decrease in receivables	-1,159	0
Increase/decrease in trade payables etc.	-15	-85
	-1,174	**-85**

	2019 DKK'000	2018 DKK'000
10 Adjustments for non-cash items		
Financial income and expenses	40,267	6,966
Profit from investments in subsidiaries	-25,984	-57,277
	14,283	**-50,311**

	Preference shares (liabilities) DKK'000	Total liabilities from financing activities DKK'000
11 Reconciliation of liabilities arising from financing activities		
1 January 2019	**254,267**	**254,267**
Cash flows	0	0
Non-cash change:		
Accrued loan and interest expenses	29,018	29,018
31 December 2019	**283,285**	**283,285**
1 January 2018	**128,869**	**128,869**
Cash flows	0	0
Non-cash change:		
Preference shares	104,932	104,932
Accrued loan and interest expenses	20,466	20,466
31 December 2018	**254,267**	**254,267**

12 Mortgages and collateral

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

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 indemnification 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.

13 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.

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

14 Ownership

Share capital is owned 90.15 % by O.W. Lux SARL.

15 Financial risks and financial instruments

Categories of financial instruments

All financial assets and financial liabilities in W.S.S. Holding A/S are measured at amortised cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss. Derivatives are included in Other receivables with carrying amounts of DKK 0k (2018: DKK 0k) and in Other payables with carrying amounts of DKK 65k (2018: DKK 149k).

Financial risk management

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

Exchange rate risk

The Company's business activities are predominantly based in DKK and credit facilities are denominated in DKK or EUR, thus the Company is not exposed to significant exchange rate risks.

Interest rate risk

The interest rates of credit facilities are variable. The Company uses derivative contracts to hedge the interest rate risk in accordance with the Risk Management Strategy approved by the Board of Directors, according to which 50-75% of interest risks related to variable interest bearing financial assets and liabilities must be hedged for a period of 12-36 months. Under the interest rate derivative contracts, the Company agrees to exchange the difference between fixed and floating-rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Company to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable-rate debt.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, The Company performs a qualitative assessment of hedge effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and The Company's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

Interest swap contract assets and liabilities are included in the "Other receivables" and "Other payables" line items in the consolidated statement of financial position respectively.

15 Financial risks and financial instruments continuing

Derivate financial instruments hedging future cash flow

	Currency	DKK'000	2019 Book value	2018 Book value
Currency and DKK				
Loan DKK, expiring December 2022	0	0	0	-127
		0	**0**	**-127**

	Average contracted fixed interest rate		Notional principal value		Fair value assets (liabilities)	
	2019	2018	2019	2018	2019	2018
	%	%	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments interest swap						
Less than 1 year	0.00	0.67	0	100,000	0	-127
1 to 5 years	0.00	0.00	0	0	0	0
After 5 years	0.00	0.00	0	0	0	0
			0	**100,000**	**0**	**-127**

	Notional principal value		Fair value assets (liabilities)	
	2019	2018	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments Foreign currencies				
Less than 1 year	0	150,064	0	-23
1 to 5 years	150,173	0	-65	0
After 5 years	0	0	0	0
	150,173	**150,064**	**-65**	**-23**

	Balance in cash flow hedge reserve for continuing hedges		Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied	
	2019	2018	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging items				
Foreign currencies	-65	-23	0	0
Variable rate borrowings	0	-127	0	0
	-65	**-150**	**0**	**0**

15 Financial risks and financial instruments continuing

Fair value adjustments on hedging instruments recognised in other comprehensive income in 2018 amounts to DKK 127k (2018: DKK 507k).

Interest rate sensitivity analysis

If interest rates had been 100 basis points higher and all other variables constant, the Company's profit for the year ended 31 December 2019 would decrease by DKK 1.7m (2018: decrease by DKK 1.2m) due to the Company's exposure to interest rates on variable-rate borrowings, partly offset by a change in the fair value of interest rate derivative contracts.

The sensitivity analysis was based on the Company'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.

Liquidity risk

W.S.S. Holding A/S has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralised and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow on a monthly basis matches the planned cash needs. The Company is in a sound financial position with and adequate cash reserves.

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognised 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. The Company conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Fair values measurements

W.S.S. Holding A/S measures financial instruments hedging future cash flow at fair value level 2.

The Company 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, discounted at a rate that reflects the credit risk of various counterparties.

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

15 Financial risks and financial instruments continuing

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 2018, the Company's interest-bearing debt net comprise DKK 198m (2018: DKK 194m), 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 2019.

16 Debt to preference shares holders

	2019 DKK'000	2018 DKK'000
Preference shares at 1 January	**254,267**	**128,869**
Additions on preference shares	0	104,932
Loan and interest expenses preference shares	29,018	20,466
Preference shares at 31 December	**283,285**	**254,267**

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).

17 Events after the reporting period

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

The company has not yet seen any significant impact from the global Covid-19 pandemic, neither in net sales nor the cash flow from operations. It is currently not possible to estimate the long term impact from Covid-19.

18 Accounting policies

The 2019 annual report of the parent company is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for the financial statements of class C enterprises, cf. the Danish Executive Order on IFRS (IFRS-bekendtgørelsen) issued in accordance with the Danish Financial Statements Act.

The accounting policies for the Parent Company and for the W.S.S. Holding Group are identical (see note 29 for the W.S.S. Holding Group) except for the situations mentioned below.

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity plus or less unamortised 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 amortisation of goodwill is recognised in the income statement.

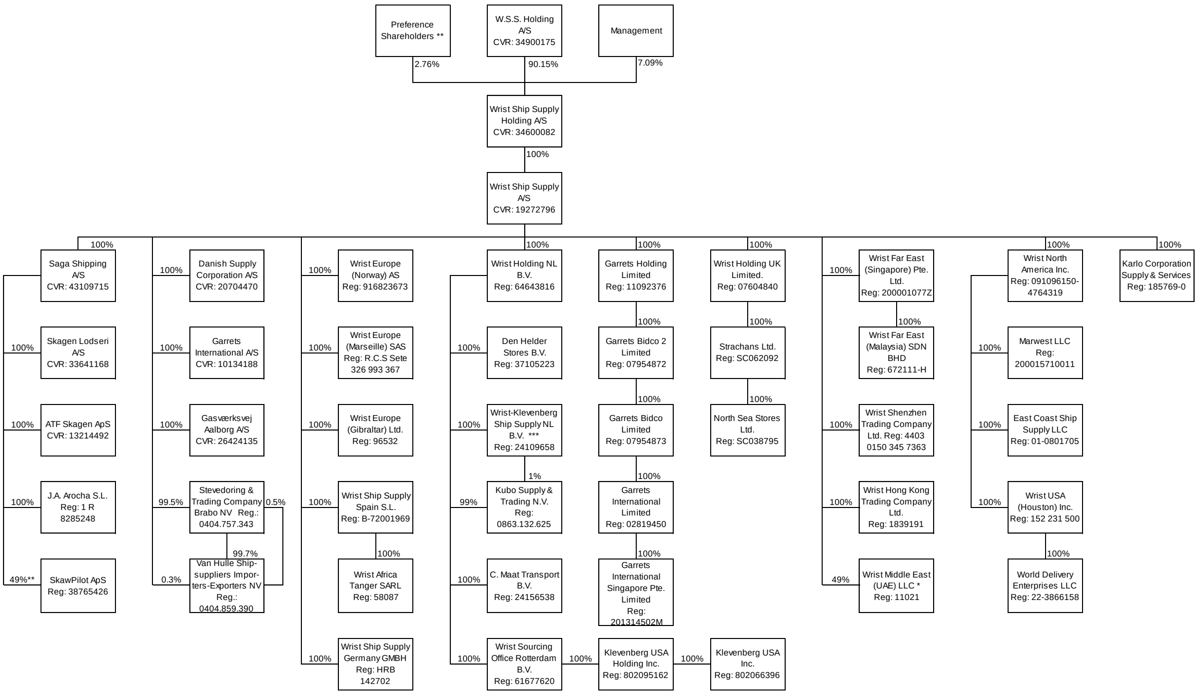
Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent’s share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognised under 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).

ORGANISATION

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 August 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 a partner of Altor Equity Partners AB, Sweden, and 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)
- Haarslev Industries A/S, Denmark (C)
- Haarslev Group A/S, Denmark (C)
- Haarslev Group Holding A/S, Denmark (C)
- CAM Holding 1 DK ApS, Denmark (C)
- C Worldwide Group Holding A/S, Denmark (C)
- C Worldwide Holding A/S (C)
- Statens Ejendomssalg A/S, Denmark (C)
- Technoinvest A/S (C)
- Norican Global A/S, Denmark (BM)
- Hamlet Protein A/S, Denmark (BM)
- New Nutrition ApS, Denmark (BM)
- New Nutrition Holding ApS, Denmark (BM)
- Tresu A/S (BM)
- Tresu Group Holding A/S (BM)
- Tresu Investment Holding A/S (BM)

Håkan Petter Samlin
Born 1979, Swedish.
Member of the Board of Directors since 2013.

Mr Samlin is a partner of Altor Equity Partners AB, Sweden. He holds a Master's degree in Engineering and Business Management from the Royal Institute of Technology in Stockholm, as well as a Bachelor's degree in Business and Administration from Stockholm University School of Business.

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)
- AFLK Group AB, Sweden (BM)
- AFLK Holding AB, Sweden (BM)
- AFLK Management Investments AB, Sweden (BM)

- Nordic Leisure Travel Group Holdings AB, Sweden (BM)
- NLTG Hotels Holding AB, Sweden (BM, C)
- NLTG HH BidCo AB, Sweden (BM)
- NLTG HH Holdco AB, Sweden (BM)
- NLTG Holdco AB, Sweden (BM)

Robert Kledal
Born 1969, Danish
Member of the Board of Directors since January 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 eMBA from IMD in Lausanne, Switzerland and he currently undertakes extensive digital education across USA, Europe and China.

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)
- DSV Panalpina A/S
- Stirling University Business School Advisory Board

C: *Chairman of the Board of Directors*
VC: *Vice Chairman of the Board of Directors*
BM: *Member of the Board of Directors*

Ownership

W.S.S. Holding A/S is owned by Altor Fund II GP Limited, Jersey, through subsidiaries (98.34%), external investors (1.52%) and management investors (0.14%).

Annual general meeting

The annual general meeting will be held on 3 July 2020 in Aalborg, Denmark.