



Thorco Projects A/S

Svanemøllevej 17
2100 København Ø
CVR No. 37745324

Annual report 2021

The Annual General Meeting adopted the
annual report on 01.06.2022

Jesper Malik Møller Ringsholm
Chairman of the General Meeting

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Entity details

Entity

Thorco Projects A/S
Svanemøllevej 17
2100 København Ø

Business Registration No.: 37745324
Registered office: København
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Peter Nørgaard Jensen
Marianne Schelde
Ronald Lambertus Maria Bouwens

Executive Board

Thomas Nørballe Mikkelsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Thorco Projects A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 01.06.2022

Executive Board

Thomas Nørballe Mikkelsen

CEO

Board of Directors

Peter Nørgaard Jensen

Marianne Schelde

Ronald Lambertus Maria Bouwens

Independent auditor's report

To the shareholder of Thorco Projects A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Thorco Projects A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Auditor's responsibilities for the audit of 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 parent financial statements.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 01.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Management commentary

Financial highlights

	2021 USD'000	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000
Key figures					
Revenue	418,082	150,152	144,987	138,652	45,657
Gross profit/loss	76,345	11,709	13,703	11,630	2,282
Operating profit/loss	56,124	1,126	1,739	1,473	2,282
Net financials	(2,137)	828	544	1,548	(537)
Profit/loss for the year	40,821	1,089	2,203	3,387	1,477
Balance sheet total	90,751	35,305	27,963	28,799	20,131
Equity	43,374	11,553	10,344	10,419	3,283
Cash flows from operating activities	37,962	6,205	(3,309)	-	-
Cash flows from investing activities	(30,000)	(463)	(6)	-	-
Cash flows from financing activities	(9,000)	0	1,457	1,457	-
Ratios					
Gross margin (%)	18.26	7.80	9.45	8.39	5.00
Net margin (%)	9.76	0.73	1.52	2.44	3.23
Equity ratio (%)	49.27	32.72	36.99	36.18	16.31

Management have decided to present consolidated financial statements for Thorco Projects A/S and subsidiaries for the financial year ended 31 December 2021 and with comparative figures for 2020 and 2019. Financial highlights for the financial periods 2017 - 2018 are presented with the parent figures and without cash flow statements figures.

Financial highlights are defined and calculated in accordance with recommendations from the CFA Society Denmark.

Gross margin (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The primary activities of the Group are to carry out shipping, chartering and other shipping related activities.

Development in activities and finances

The income statement for the Group for 2021 shows a profit of USD 40,821,074, total assets amounts to USD 90,750,640 and at 31 December 2021 equity belonging to parent amounts to USD 43,294,839.

Profit/loss for the year in relation to expected developments

2021 turned out to be a better year than expected for the Group and the shipping industry in general. Thorco Projects A/S has succeeded to retain a leading position in the general cargo segment through strong focus on parceling capabilities, customized solutions and dedicated employees.

The result for 2021 is considered satisfactory.

Uncertainty relating to recognition and measurement

The Group has no material uncertainty in relation to recognition and measurement.

Outlook

On the basis of the general improvements experienced in the global shipping markets both in 2021 and beginning of 2022, are we still expecting positive results, though not as significant compared to the results in 2021.

Environmental performance

Statements on Environmental performance are included in the ultimate parent Company Thornico Holding A/S' CSR report. The report can be found on the following website:
<https://www.thornico.com/company-karma/company-karma-report>

Research and development activities

The Group uses their global presence and trading platform to collect and evaluate market information daily and manage market movements and volatility by balancing our trading book and tonnage exposure.

Foreign branches

The Group has no foreign branches.

Statutory report on corporate social responsibility

Statutory statements on corporate social responsibility and the underrepresented gender, cf sections 99 a and 99 b of the Danish Financial Statements Act are included in the ultimate parent Company Thornico Holding A/S' CSR report. The report can be found on the following website:
<https://www.thornico.com/company-karma/company-karma-report>

Statutory report on data ethics policy

Statements on statutory report on data ethics policy are included in the ultimate parent Company Thornico Holding A/S' CSR report. The report can be found on the following website:
<https://www.thornico.com/company-karma/company-karma-report>

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 USD	2020 USD
Revenue		418,081,688	150,151,871
Other external expenses		(341,737,149)	(138,442,557)
Gross profit/loss		76,344,539	11,709,314
Staff costs	1	(12,212,432)	(6,672,314)
Depreciation, amortisation and impairment losses	2	(136,577)	(400,407)
Other operating expenses		(7,871,246)	(3,510,858)
Operating profit/loss		56,124,284	1,125,735
Income from investments in associates		0	165,725
Other financial income		1,074,064	1,674,581
Other financial expenses		(3,211,242)	(846,523)
Profit/loss before tax		53,987,106	2,119,518
Tax on profit/loss for the year	3	(13,166,032)	(1,030,733)
Profit/loss for the year	4	40,821,074	1,088,785

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 USD	2020 USD
Goodwill		0	133,333
Intangible assets	5	0	133,333
Other fixtures and fittings, tools and equipment		61,862	510,924
Property, plant and equipment	6	61,862	510,924
Investments in associates		1,486,844	1,486,844
Deferred tax	8	0	34,000
Financial assets	7	1,486,844	1,520,844
Fixed assets		1,548,706	2,165,101
Raw materials and consumables		11,949,481	5,470,847
Inventories		11,949,481	5,470,847
Trade receivables		15,110,082	8,216,409
Receivables from group enterprises		48,729,914	11,059,151
Receivables from associates		0	78,001
Other receivables		287,866	168,569
Prepayments	9	7,885,054	1,870,367
Receivables		72,012,916	21,392,497
Cash		5,239,537	6,277,043
Current assets		89,201,934	33,140,387
Assets		90,750,640	35,305,488

Equity and liabilities

	Notes	2021 USD	2020 USD
Contributed capital		1,226,092	1,226,092
Reserve for net revaluation according to equity method		1,453,247	1,453,247
Retained earnings		10,615,500	5,822,025
Proposed dividend for the financial year		30,000,000	3,000,000
Equity belonging to Parent's shareholders		43,294,839	11,501,364
Equity belonging to minority interests		79,400	51,801
Equity		43,374,239	11,553,165
Deferred tax	8	663,000	0
Provisions		663,000	0
Other payables		240,833	206,204
Non-current liabilities other than provisions		240,833	206,204
Trade payables		24,156,263	11,700,220
Payables to group enterprises		6,550,235	308,615
Joint taxation contribution payable		12,724,902	862,374
Other payables		1,364,234	4,635,712
Deferred income	10	1,676,934	6,039,198
Current liabilities other than provisions		46,472,568	23,546,119
Liabilities other than provisions		46,713,401	23,752,323
Equity and liabilities		90,750,640	35,305,488
Contingent liabilities	12		
Group relations	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2021

	Contributed capital USD	Reserve for net revaluation according to equity method USD	Retained earnings USD	Proposed dividend for the financial year USD	Equity belonging to Parent's shareholders USD
Equity beginning of year	1,226,092	1,453,247	5,822,025	3,000,000	11,501,364
Ordinary dividend paid	0	0	0	(3,000,000)	(3,000,000)
Extraordinary dividend paid	0	0	(6,000,000)	0	(6,000,000)
Profit/loss for the year	0	0	10,793,475	30,000,000	40,793,475
Equity end of year	1,226,092	1,453,247	10,615,500	30,000,000	43,294,839

	Equity belonging to minority interests USD	Total USD
Equity beginning of year	51,801	11,553,165
Ordinary dividend paid	0	(3,000,000)
Extraordinary dividend paid	0	(6,000,000)
Profit/loss for the year	27,599	40,821,074
Equity end of year	79,400	43,374,239

Consolidated cash flow statement for 2021

	Notes	2021 USD	2020 USD
Operating profit/loss		56,124,284	1,125,735
Amortisation, depreciation and impairment losses		1,037,549	400,407
Working capital changes	11	(18,236,759)	5,169,181
Interest receipts		0	185,923
Interest payments		(105,206)	(98,525)
Tax payments		(857,374)	(577,513)
Cash flows from operating activities		37,962,494	6,205,208
Acquisition etc. of property, plant and equipment		0	(465,828)
Sale of property, plant and equipment		0	2,907
Loan to parent company		(30,000,000)	0
Cash flows from investing activities		(30,000,000)	(462,921)
Free cash flows generated from operations and investments before financing		7,962,494	5,742,287
Dividend paid		(9,000,000)	0
Cash flows from financing activities		(9,000,000)	0
Increase/decrease in cash and cash equivalents		(1,037,506)	5,742,287
Cash and cash equivalents beginning of year		6,277,043	534,756
Cash and cash equivalents end of year		5,239,537	6,277,043
Cash and cash equivalents at year-end are composed of:			
Cash		5,239,537	6,277,043
Cash and cash equivalents end of year		5,239,537	6,277,043

Notes to consolidated financial statements

1 Staff costs

	2021 USD	2020 USD
Wages and salaries	11,455,685	4,934,889
Pension costs	193,444	232,706
Other staff costs	563,303	1,504,719
	12,212,432	6,672,314

Average number of full-time employees	29	39
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Following the exemption rule section 98b of the Danish Financial Statements act, remuneration to Management is not disclosed.

2 Depreciation, amortisation and impairment losses

	2021 USD	2020 USD
Amortisation of intangible assets	133,333	400,000
Depreciation on property, plant and equipment	3,244	407
	136,577	400,407

3 Tax on profit/loss for the year

	2021 USD	2020 USD
Current tax	12,825,902	889,799
Change in deferred tax	697,000	37,000
Adjustment concerning previous years	(356,870)	103,934
	13,166,032	1,030,733

4 Proposed distribution of profit/loss

	2021 USD	2020 USD
Ordinary dividend for the financial year	30,000,000	0
Retained earnings	10,793,475	1,082,237
Minority interests' share of profit/loss	27,599	6,548
	40,821,074	1,088,785

5 Intangible assets

	Goodwill USD
Cost beginning of year	2,000,000
Cost end of year	2,000,000
Amortisation and impairment losses beginning of year	(1,866,667)
Amortisation for the year	(133,333)
Amortisation and impairment losses end of year	(2,000,000)
Carrying amount end of year	0

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment USD
Cost beginning of year	513,710
Disposals	(445,818)
Cost end of year	67,892
Depreciation and impairment losses beginning of year	(2,786)
Depreciation for the year	(3,244)
Depreciation and impairment losses end of year	(6,030)
Carrying amount end of year	61,862

7 Financial assets

	Investments in associates USD
Cost beginning of year	33,596
Cost end of year	33,596
Revaluations beginning of year	1,453,248
Revaluations end of year	1,453,248
Carrying amount end of year	1,486,844

Associates	Registered in	Ownership %
SCG Holding B.V.	Holland	20

Investments in associates not measured at equity value

SCG Holding B.V. Investments in associates have been measured without any share of profit/loss for 2021 because data is not available.

8 Deferred tax

	2021	2020
	USD	USD
Changes during the year		
Beginning of year	34,000	71,000
Recognised in the income statement	(697,000)	(37,000)
End of year	(663,000)	34,000

Deferred tax assets

Deferred tax assets consist of temporary differences between the carrying amount and the tax-based value.

9 Prepayments

Prepayments consist of prepaid T/C hire and insurance premiums.

10 Deferred income

Deferred income consists of payments received from ongoing voyages which will be recognized as income in subsequent years.

11 Changes in working capital

	2021	2020
	USD	USD
Increase/decrease in inventories	(6,478,634)	(771,853)
Increase/decrease in receivables	(20,620,419)	(1,289,327)
Increase/decrease in trade payables etc.	11,063,921	6,502,172
Other changes	(2,201,627)	728,189
	(18,236,759)	5,169,181

12 Contingent liabilities

	2021	2020
	USD	USD
Other contingent liabilities	23,242,584	14,500,380
Contingent liabilities	23,242,584	14,500,380

Other contingent liabilities comprise short-term T/C hire obligations.

Thorco Projects A/S Group is party in some legal cases and disputes. The Group's assessment of the risk related to these cases are reflected in the consolidated and parent financial statements. The assessment of risk is inherently subject to uncertainty, and the final outcome may differ both positively or negatively from the risk assessment exercised at 31 December 2021.

13 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Thornico Holding A/S, Odense, Denmark

14 Subsidiaries

	Registered in	Ownership %
Thorco Capital III ApS	Denmark	100.00
Thorco Shipping Germany GmbH	Germany	60.00
Thorco Projects Singapore Pte. LTD.	Singapore	100.00

Parent income statement for 2021

	Notes	2021 USD	2020 USD
Revenue		418,081,689	150,151,871
Other operating income		325,632	1,170,500
Other external expenses		(344,439,890)	(138,152,255)
Gross profit/loss		73,967,431	13,170,116
Staff costs	1	(10,416,972)	(4,377,645)
Depreciation, amortisation and impairment losses	2	(133,333)	(400,000)
Other operating expenses		(6,912,839)	(5,811,628)
Operating profit/loss		56,504,287	2,580,843
Income from investments in group enterprises		(942,038)	(824,087)
Other financial income		427,296	431,514
Other financial expenses		(701,504)	(102,720)
Profit/loss before tax		55,288,041	2,085,550
Tax on profit/loss for the year	3	(13,358,059)	(1,003,308)
Profit/loss for the year	4	41,929,982	1,082,242

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 USD	2020 USD
Goodwill		0	133,333
Intangible assets	5	0	133,333
Other fixtures and fittings, tools and equipment		0	445,818
Property, plant and equipment	6	0	445,818
Investments in group enterprises		370,576	1,311,600
Deferred tax	8	0	34,000
Financial assets	7	370,576	1,345,600
Fixed assets		370,576	1,924,751
Raw materials and consumables		11,566,882	5,470,847
Inventories		11,566,882	5,470,847
Trade receivables		15,110,081	8,209,408
Receivables from group enterprises		48,729,914	11,041,085
Other receivables		287,867	98,920
Prepayments	9	7,833,206	1,763,998
Receivables		71,961,068	21,113,411
Cash		5,116,402	6,173,663
Current assets		88,644,352	32,757,921
Assets		89,014,928	34,682,672

Equity and liabilities

	Notes	2021 USD	2020 USD
Contributed capital		1,226,092	1,226,092
Reserve for net revaluation according to equity method		362,041	1,304,079
Retained earnings		12,842,753	5,970,733
Proposed dividend for the financial year		30,000,000	3,000,000
Equity		44,430,886	11,500,904
Deferred tax	8	577,486	0
Provisions		577,486	0
Other payables	10	240,833	206,204
Non-current liabilities other than provisions		240,833	206,204
Trade payables		15,293,344	11,768,515
Payables to group enterprises		6,478,166	15,679
Joint taxation contribution payable		12,825,902	862,374
Other payables	11	7,491,377	4,289,798
Deferred income	12	1,676,934	6,039,198
Current liabilities other than provisions		43,765,723	22,975,564
Liabilities other than provisions		44,006,556	23,181,768
Equity and liabilities		89,014,928	34,682,672
Contingent liabilities	13		
Related parties with controlling interest	14		

Parent statement of changes in equity for 2021

	Contributed capital USD	Reserve for net revaluation according to the equity method USD	Retained earnings USD	Proposed dividend for the year USD	Total USD
Equity beginning of year	1,226,092	1,304,079	5,970,733	3,000,000	11,500,904
Ordinary dividend paid	0	0	0	(3,000,000)	(3,000,000)
Extraordinary dividend paid	0	0	(6,000,000)	0	(6,000,000)
Profit/loss for the year	0	(942,038)	12,872,020	30,000,000	41,929,982
Equity end of year	1,226,092	362,041	12,842,753	30,000,000	44,430,886

Notes to parent financial statements

1 Staff costs

	2021 USD	2020 USD
Wages and salaries	9,754,646	2,769,174
Pension costs	193,444	232,706
Other staff costs	468,882	1,375,765
	10,416,972	4,377,645
Average number of full-time employees	26	39

Under the exemption rule selection 98b of the Danish Financial Statements act, remuneration to management is not disclosed.

2 Depreciation, amortisation and impairment losses

	2021 USD	2020 USD
Amortisation of intangible assets	133,333	400,000
	133,333	400,000

3 Tax on profit/loss for the year

	2021 USD	2020 USD
Current tax	12,825,902	862,374
Change in deferred tax	611,486	37,000
Adjustment concerning previous years	(79,329)	103,934
	13,358,059	1,003,308

4 Proposed distribution of profit and loss

	2021 USD	2020 USD
Ordinary dividend for the financial year	30,000,000	0
Retained earnings	11,929,982	1,082,242
	41,929,982	1,082,242

5 Intangible assets

	Goodwill USD
Cost beginning of year	2,000,000
Cost end of year	2,000,000
Amortisation and impairment losses beginning of year	(1,866,667)
Amortisation for the year	(133,333)
Amortisation and impairment losses end of year	(2,000,000)
Carrying amount end of year	0

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment USD
Cost beginning of year	445,818
Disposals	(445,818)
Cost end of year	0
Carrying amount end of year	0

7 Financial assets

	Investments in group enterprises USD
Cost beginning of year	7,521
Additions	1,014
Cost end of year	8,535
Revaluations beginning of year	1,304,079
Share of profit/loss for the year	(942,038)
Revaluations end of year	362,041
Carrying amount end of year	370,576

8 Deferred tax

	2021	2020
Changes during the year	USD	USD
Beginning of year	34,000	71,000
Recognised in the income statement	(611,486)	(37,000)
End of year	(577,486)	34,000

Deferred tax assets

Deferred tax assets consist of temporary differences between the carrying amount and the tax-based value.

9 Prepayments

Prepayments consist of prepaid T/C hire and insurance premiums.

10 Other payables

	2021	2020
	USD	USD
Holiday pay obligation	240,833	206,204
	240,833	206,204

11 Other payables

	2021	2020
	USD	USD
Wages and salaries, personal income taxes, social security costs, etc. payable	3,411,910	395,924
Holiday pay obligation	79,467	84,444
Other costs payable	4,000,000	3,809,430
	7,491,377	4,289,798

12 Deferred income

Deferred income consists of payments received from ongoing voyages which will be recognized as income in the subsequent years.

13 Contingent liabilities

	2021	2020
	USD	USD
Other contingent liabilities	23,242,584	14,500,380
Contingent liabilities	23,242,584	14,500,380

Other contingent liabilities comprise short-term T/C hire obligations.

The Entity participates in a Danish joint taxation arrangement in which Thornico Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

14 Related parties with controlling interest

Thornico Holding A/S, Odense, Denmark

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

The Financial Statements are presented in USD with exchange rate USD 656.12 at 31 December 2021 (31 December 2020 - USD 605.76).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's

proposal for the distribution of net profit/loss and equity, respectively.

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

Income statement

Revenue

Revenue from sales (chartering income) is recognized in the income statement at the rate of completion of the charter (discharge to discharge principle). This method is applied when total revenues and expenses in respect of the charter at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

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

Other operating income

Other operating income comprises income from management services and is of a secondary nature as viewed in relation to the Company's primary activities.

Other external expenses

Other external expenses comprises vessel operating cost relating to the Company's ordinary activities, including expenses to achieve the revenue for the year such as TC-hire, port and bunker cost.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for company staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other operating expenses

Other operating expenses comprise expenses relating to the Company's ordinary activities, including general corporate cost.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, currency gains, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group

enterprises, currency losses, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill acquired is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intragroup profits or losses.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

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

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Leases

All leases including chartering of vessels, are accounted for as operating leases. Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.