

BLUE WATER SHIPPING A/S

ANNUAL REPORT 2020 | CVR NR: 40 51 66 11



Contents

Entity details	3
Statement by Management on the annual report	4
Independent auditor's report	5
Management commentary	9
Income statement for 2020	18
Balance sheet at 31.12.2020	19
Statement of changes in equity for 2020	21
Cash flow statement 2020	23
Notes.....	24
Accounting policies	33

Entity details

ENTITY

Blue Water Shipping A/S
Trafikhavnskaj 9
6700 Esbjerg

CVR No: 40516611
Registered in: Esbjerg
Financial year: 01.01.2020 - 31.12.2020

Website: www.bws.net
E-mail: esbjerg@bws.net

BOARD OF DIRECTORS

Kurt Skov, chairman
Niels Stie Kaalund
Jørgen Meyer
Anne Roed Skov
Peter Damsboe
Jesper Kristensen
Torben Bjerre-Madsen

EXECUTIVE BOARD

Søren Nørgaard Thomsen
Dan Gregers Nissen
Flemming Busch

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postboks 200
6700 Esbjerg

The annual General Meeting adopted the annual report on 23.03.2021

Chairman of the General Meeting

Name: Niels Stie Kaalund

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Blue Water Shipping A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

Esbjerg, 23.03.2021

EXECUTIVE BOARD

Søren Nørgaard Thomsen

Dan Gregers Nissen

Flemming Busch

BOARD OF DIRECTORS

Kurt Skov
Chairman

Niels Stie Kaalund

Jørgen Meyer

Anne Roed Skov

Peter Damsboe

Jesper Kristensen

Torben Bjerre-Madsen

Independent auditor's report

To the shareholders of Blue Water Shipping A/S

Opinion

We have audited the financial statements of Blue Water Shipping A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 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 financial statements section of this auditor's report. We are independent of the Entity 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.

Management's responsibilities for the financial for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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 financial statements

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

Independent auditor's report

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Esbjerg, 23.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR nr. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification number (MNE) mne24824

Peder Rene Pedersen
State Authorised Public Accountant
Identification (MNE) mne 23334



Port Service



Management commentary

PRIMARY ACTIVITIES

The Company's activities comprise international transport, freight forwarding and logistics services.

DEVELOPMENT IN ACTIVITIES AND FINANCES

Due to the COVID-19 pandemic, it has been an extraordinary year for almost all our clients worldwide. Despite the challenges caused by the pandemic, we continued our strong client focus and willingness to enhance the customer experience. Again in 2020, we delivered on our purpose: to create solutions together with our customers.

COVID-19 had impact on our financial results from February 2020. With the market uncertainty and rapidly declining volumes, we therefore reacted and adjusted our cost base. Together with a positive market development in second half of 2020, this resulted in a stable growth in earnings compared to 2019 in most of our business units and on group level.

In September 2020, Blue Water suffered a severe cyberattack. The attack was so critical that all systems were disconnected from the internet to avoid further damage by the criminals. This led to immediate operational disruption as most of our IT-supported processes had to be handled manually to a great extent. However, with great efforts from our employees and understanding customers, we have been able to handle all of our customers' logistics needs. The attack has had significant financial costs in 2020 in terms of lost gross profit as an effect of lower efficiency and higher production costs.

Despite the challenges, 2020 was financially a good year for Blue Water Shipping A/S with a record high Profit before tax of DKK 108 million. A very satisfying result in an abnormal and very challenging year. The main drivers for the record result for 2020 are our *Energy & Projects* business unit and very good performance in our *General Cargo Sea & Air*, *Reefer Sea* and *Wind Logistics* business units. In addition, our focus on improving business processes, agile capacity adjustments and streamlining of our operations resulted in optimised capacity cost and improving the conversion ratio from 10.5 to 12.2%.

During 2020, Blue Water received DKK 8.7 million from the Danish government in COVID-19 salary compensation. Due to the overall good financial performance, the amount has been repaid.

OUTLOOK

In general, the results for 2021 will be positively affected by an increase in the activity level in the *General Cargo Sea & Air*, *Reefer Sea*, *Wind Logistics*, *Port Services* and the *Energy & Projects* business units.

In 2021, we will still be affected by the cyberattack, but as we are recovering, we are investing in best in class cyber security systems and processes as well as upgrading our whole IT architecture to most modern standard.

We expect the 2021 result to be lower than 2020 driven by very successful completion of a major oil project. Overall the Profit before tax is expected to be around DKK 30-40 million and a positive cash flow in 2021.

Management commentary

BLUE WATER GROUP AT A GLANCE

Blue Water is a global transport and logistics company headquartered in Denmark. Our key contribution is logistics services in modern supply chain management. At the heart of Blue Water is an organisation of professionals skilled to offer complete and tailor-made solutions to any shipping and transport requirement worldwide.

Blue Water's ambition has always been to provide our customers with the best service and highest quality in the industry.

Today, Blue Water is represented with more than 60 offices worldwide. At every Blue Water office, we combine our strong global network with local expertise – thus adding value and providing our customers with services beyond transporting cargo in a safe and efficient way. We operate in eight dedicated business units: *General Cargo Road, General Cargo Sea & Air, Reefer Sea, Reefer Road, Port Services, Energy & Projects, Wind Logistics and Marine Logistics.*

Management commentary

FINANCIAL HIGHLIGHTS

	2020	2019	2018	2017	2016
--	------	------	------	------	------

Key figures (DKK'000)

Revenue	4.616.134	5.117.656	4.447.760	4.350.528	4.197.515
Gross profit/loss	548.897	545.653	386.108	489.054	508.129
Operating profit/loss	108.933	96.724	(57.827)	(104.067)	(9.836)
Net financials	(1.178)	324	534	(7.995)	(3.543)
Net profit/loss for the year	83.891	75.820	(45.570)	(87.544)	(10.837)
Total assets	978.205	940.963	1.008.392	910.737	784.979
Investments in property, plant and equipment	3.324	2.209	12.076	23.573	14.534
Equity	340.685	256.794	180.974	180.544	180.088
Interest bearing debt, net	(232.555)	(192.437)	(93.242)	(173.794)	(140.467)

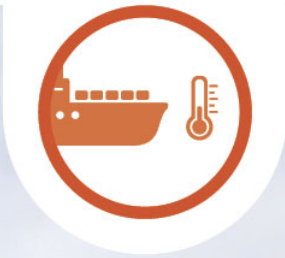
Ratios

Gross margin (%)	11,89	10,66	8,68	11,24	12,11
Financial gearing (%)	(0,68)	(0,75)	(0,52)	(0,96)	(0,78)
Return on equity (%)	28,08	34,64	(25,21)	(48,55)	(5,79)
Equity ratio (%)	34,83	27,29	17,95	19,82	22,94

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation Formula	Ratios reflect
Gross Margin (%)	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$	The Entity's operating gearing.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity}}$	The Entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The Entity's return on capital invested in the Entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity

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.



Reefer Sea



Management commentary

Commentary

RISK MANAGEMENT

In order to continue a sustainable business with a global presence, we must expect and adjust to the constant dynamics in the markets and develop new business opportunities. It is key for us to manage the associated risks in a systematic and model-based approach to secure and create value from the short to the long term.

Executive Management and the Board of Directors review a risk report with our biggest risks annually. This report is based on a bottom-up exercise with inclusion of management teams in all organisational areas and includes risks that could cause significant disruptions to the business over a three-year horizon. Below is a more detailed overview of our key risks.

PARTICULAR RISKS

	What is the risk?	What is the impact?	What is the mitigating action?
Economic development	Due to its large global presence, Blue Water is dependent on the domestic and global economies and development. The business is influenced by the total market volume available for transport in each product segment throughout the market where we operate.	Domestic and Global recession decrease trade and hence the need for transport and logistics solutions resulting in lower revenue.	The business model is asset-light, ensuring an operational flexibility, which facilitates adjustments of operating expenses to the overall level of activity. In addition, the business activities are spread globally and on the different client segments, which minimises local impact on corporate level.
Contractual liabilities	Blue Water may be held liable if damages on goods or disputes occur.	Claims, lawsuits and reputational damages	The risk will be covered through contractual relationships with clients and subcontractors, through determination of maximum compensation for major transport projects and via our insurance policy. In addition, Blue Water has high focus on delivery of the agreed quality to clients from subcontractors and in this connection minimisation of defects before, during and after the execution of the transport assignments.

Management commentary

	What is the risk?	What is the impact?	What is the mitigating action?
IT Security Breaches	Disruption to IT systems, such as virus attacks and breaches of data security, may happen where reliable IT systems and infrastructure are critical for our ability to operate effectively.	Customers' or other individuals' privacy could be compromised if confidential information was disclosed and breaches of IT security could have a severe impact on Blue Water' ability to maintain operations and hence on its financial situation.	IT security technologies and controls are in place to help prevent intruders from causing damage to systems and gaining access to critical data and systems. Continuity plans are in place in the event of non-availability of IT systems. Awareness campaigns, access controls and intrusion detection and prevention systems have been implemented. Internal audits of IT security controls are conducted to detect and mitigate any breaches.
Currency impact and tax disputes	Exchange rate fluctuations, disputes with tax authorities and changes to tax legislation are external factors. Blue Water' foreign exchange risk is most significant in USD, while the EUR exchange rate risk is regarded as low due to Denmark's fixed rate policy towards EUR.	Blue Water' cash flow, statement of comprehensive income and balance sheet can be impacted significantly by currency fluctuations. Changes to tax legislation or loss of major tax cases could result in significant tax adjustments and fines and could lead to a higher-than-expected tax level for Blue Water.	Trade with subsidiary companies outside Europe is primarily in USD or currencies dependent on the US currency. Blue Water regularly evaluates hedging of its positions in USD and currencies dependent on the US currency. Applicable taxes are paid in jurisdictions where the business activity generates profits, and transfer pricing are frequently controlled in a structured manner.

Management commentary

	What is the risk?	What is the impact?	What is the mitigating action?
Credit risks and Cash Flow	Loss on debtors due to clients becoming insolvent is a risk. Blue Water handles a large volume of clients of all sizes in many different segments, and hence insolvency is likely and prevalent. In the project-based divisions, large outlays are a part of business, and this puts pressure on the positive cash flow in periods during the year.	Loss on debtors has a potential impact on Blue Water' financial results and cash flow. Large Cash flow fluctuations can result in high interest costs due to usage of bank facilities.	Blue Water has a strict credit policy, which includes credit insurance insofar as possible and ensures that potential losses are handled before becoming considerable. As part of Blue Water's policy, capital procurement and placement of excess liquidity are controlled at group level insofar as is appropriate. Furthermore, Blue Water has liquidity measures in the shape of excess liquidity and credits, which must be available to Blue Water at any time.

INTELLECTUAL CAPITAL RESOURCES

With reference to maintaining and strengthening its position among the leading providers of services within BlueWater's business areas, it is essential that Blue Water and Group will continue to be able to attract and retain the most skilled and service-minded staff. Blue Water strongly focuses on being an attractive workplace and on further developing the staff's competences. This is done through the ongoing execution of transport assignments, goal-oriented courses and education as well as through a talent development programme called Blue Water Academy.

CORPORATE SOCIAL RESPONSIBILITY

Statutory report on corporate social responsibility

Blue Water Group has finalised and initiated a global implementation of Blue Water Group's official Code of Conduct, Blue Water Group's ethical guidelines in 2017. The internal implementation was launched by publishing a common Code of Conduct including various communication materials and internal information meetings. The specification is available to stakeholders on the website where our Supplier Code of Conduct is also available: <https://Blue Water.net/en/about/policies>

Our Sustainability Report 2020 covers our policies, the global risks, data ethics and our focus areas within Health, Safety, Environment, Quality and CSR (Corporate Social Responsibility). The report can be found here: <https://www.bws.net/media/2egni325/sustainability-report-2020.pdf>

Management commentary

Blue Water Group engages in local society around the world and supports the UN Sustainable Development Goals. We focus on creating actions within Quality Education (goal 4), Decent Work and Economic Growth (goal 8) enhancing a safe place to work, Responsible Consumption and Production (goal 12) reducing our environmental footprint as well as Peace, Justice and Strong Institutions (goal 16) reducing corruption and bribery in all their forms.

Statutory report on the underrepresented gender

A target for the underrepresented gender has been set for the board of directors.

When filing the 2017 annual report Blue Water Shipping A/S' board of directors consisted of four male members. It was the target at that time that the share of the underrepresented gender by 2020 would be 20 % of the members elected to the board of directors.

This target was achieved in May 2018, but as the board of directors in May 2019 was expanded by two members from five to seven members and both members were of the male gender the ratio of the underrepresented gender dropped below the 20 % target to approx. 14 % where it since has remained.

Due to the above it is still the target that the share of the underrepresented gender on the board of directors will be 20 %, and that this goal will be reached before the end of 2024.

For the other levels of management, which includes members of the management board, managers of managers and leaders of employees, a policy has been adopted in 2017 aiming at increasing the number of the underrepresented gender before the end of 2020 to at least 20 %.

This target was achieved when filing the annual report for 2018 in May 2019 as 23 % of the other levels of management at that time were members of the underrepresented gender.

By the end of 2020, the target was still met as 21,7% of the other levels of management were representatives of the underrepresented gender.

A new target for the underrepresented gender in other levels of management has been set at 25% to be reached before the end of 2024.

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.



Wind Logistics



Income statement for 2020

		2020	2019
	Notes	DKK'000	DKK'000
Revenue	1	4.616.134	5.117.656
Cost of sales		(3.726.096)	(4.198.383)
Other external expenses		(341.141)	(373.620)
Gross profit/loss		548.897	545.653
Staff costs	2	(431.479)	(436.001)
Depreciation, amortisation and impairment losses	3	(8.485)	(12.928)
Operating profit/loss		108.933	96.724
Other financial income	4	5.611	3.741
Other financial expenses	5	(6.789)	(3.417)
Profit/loss before tax		107.755	97.048
Tax on profit/loss for the year	6	(23.864)	(21.228)
Profit/loss for the year	7	83.891	75.820

Balance sheet at 31.12.2020

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		899	1.232
Intangible assets	8	899	1.232
Other fixtures and fittings, tools and equipment		6.306	8.956
Leasehold improvements		17.335	19.505
Property, plant and equipment	9	23.641	28.461
Deposits		2.345	1.852
Fixed asset investments	10	2.345	1.852
Fixed assets		26.885	31.545
Trade receivables		566.646	599.647
Contract work in progress	11	16.246	40.790
Receivables from group enterprises		316.388	138.770
Deferred tax	12	7.609	22.440
Other receivables		21.682	6.230
Prepayments	13	20.483	8.489
Receivables		949.054	816.366
Other investments		50	201
Other investments		50	201
Cash		2.216	92.851
Current assets		951.320	909.418
Assets		978.205	940.963

Balance sheet at 31.12.2020

		2020	2019
	Notes	DKK'000	DKK'000
Contributed capital	14	50.000	50.000
Retained earnings		240.685	206.794
Proposed dividend		50.000	0
Equity		340.685	256.794
<hr/>			
Deposits		245	157
Non-current liabilities other than provisions	15	245	157
<hr/>			
Bank loans		0	3.013
Trade payables		493.345	575.572
Payables to group enterprises		21.680	29.019
Joint taxation contribution payable		8.582	8.038
Other payables		113.668	68.370
Current liabilities other than provisions		637.275	684.012
<hr/>			
Liabilities other than provisions		637.520	684.169
<hr/>			
Equity and liabilities		978.205	940.963
<hr/>			
Unrecognized rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		
Transactions with related parties	21		
Group relations	22		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Total DKK'000
Equity beginning of year	50.000	206.794	0	256.794
Profit/loss for the year	0	33.891	50.000	83.891
Equity end of year	50.000	240.685	50.000	340.685



Marine Logistics



Cash flow statement 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		108.933	96.724
Amortisation, depreciation and impairment losses		8.485	12.928
Working capital changes	16	47.134	18.193
Cash flow from ordinary operating activities		164.552	127.845
Financial income received		5.611	3.716
Financial expenses paid		(6.638)	(3.417)
Income taxes refunded/(paid)		(8.489)	5.562
Cash flows from operating activities		155.036	133.706
Acquisition etc. of property, plant and equipment		(3.332)	(2.209)
Sale of property, plant and equipment		0	557
Acquisition of fixed asset investments		(600)	(1.180)
Sale of fixed asset investments		107	1.216
Cash flows from investing activities		(3.825)	(1.616)
Free cash flows generated from operations and investments before financing		151.211	132.090
Repayments of loan etc		88	(168)
Incurrence of debt to group enterprises		(238.921)	0
Cash flows from financing activities		(238.833)	(168)
Increase/decrease in cash and cash equivalents		(87.622)	131.922
Cash and cash equivalents beginning of year		89.838	(42.084)
Cash and cash equivalents end of year		2.216	89.838
Cash and cash equivalents at year-end are composed of:			
Cash		2.216	92.851
Short-term debt to banks		0	(3.013)
Cash and cash equivalents end of year		2.216	89.838

Notes

	2020	2019
	DKK'000	DKK'000
1. Revenue		
Transport of industrial goods	2.585.475	2.937.471
Oil, energy and perishables	2.030.659	2.180.185
	4.616.134	5.117.656
2. Staff costs		
Wages and salaries	396.378	397.093
Pension costs	28.512	29.007
Other social security costs	6.589	9.901
	431.479	436.001
Average number of employees	842	862
Remuneration of Management		
Executive Board	4.568	4.783
Board of Directors	327	286
	4.895	5.069
3. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	333	3.744
Depreciation of property, plant and equipment	7.649	9.643
Profit/loss from sale of intangible assets and property, plant and equipment	503	(459)
	8.485	12.928
4. Other financial income		
Financial income arising from group enterprises	5.248	3.582
Fair value adjustment	0	25
Other financial income	363	134
	5.611	3.741

Notes

	2020	2019
	DKK'000	DKK'000
5. Other financial expenses		
Financial expenses from group enterprises	314	0
Other interest expenses	6.324	3.417
Fair value adjustments	151	0
	6.789	3.417

6. Tax on profit/loss for the year

Current tax	9.161	8.575
Change in deferred tax	14.831	13.310
Adjustment concerning previous years	(128)	(657)
	23.864	21.228

7. Proposed distribution of profit/loss

Ordinary dividend for the financial year	50.000	0
Retained earnings	33.891	75.820
	83.891	75.820

	Goodwill
	DKK'000
8. Intangible assets	
Cost beginning of year	101.717
Disposals	(99.219)
Cost end of year	2.498
Amortisation and impairment losses beginning of year	(100.485)
Amortisation for the year	(333)
Reversal regarding disposals	99.219
Amortisation and impairment losses end of year	(1.599)
Carrying amount end of year	899

Notes

	Other fixtures and fittings, tools and equipment DKK'000	Leasehold Improvements DKK'000
9. Property, plant and equipment		
Cost beginning of year	67.382	25.379
Transfers	0	29
Additions	3.324	0
Disposals	(618)	0
Cost end of year	70.088	25.408
Depreciation and impairment losses beginning of the year	(58.426)	(5.874)
Transfers	0	(32)
Depreciation for the year	(5.482)	(2.167)
Reversal regarding disposals	126	0
Depreciation and impairment losses end of the year	(63.782)	(8.073)
Carrying amount end of year	6.306	17.335

	Deposits DKK'000
10. Fixed asset investments	
Cost beginning of year	1.852
Additions	600
Disposals	(107)
Cost end of year	2.345
Carrying amount end of year	2.345

11. Contract work in progress

The amount comprises vendor's invoices not received and not yet invoiced but performed transactions.



General Cargo Sea & Air



Notes

	2020	2019
	DKK'000	DKK'000
12. Deferred tax		
Intangible assets	623	1.099
Property, plant and equipment	3.342	2.969
Liabilities other than provisions	0	(19)
Tax losses carried forward	3.644	18.391
	7.609	22.440

Changes during the year

Beginning of year	22.440	41.192
Recognised in the income statement	(14.831)	(18.752)
End of year	7.609	22.440

The value of tax losses carried forward is recognized as deferred tax assets in the balance sheet, as the deficit is expected to be deducted over the next approx. 3 years. This expectation is primarily based on the significant positive impact on the Company's result as a consequence of major contracts related to the oil and energy sector.

13. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years

14. Share capital

	Number	Par value DKK	Nominal Par value DKK'000
Share capital	50.000.000	1	50.000
	50.000.000		50.000

Notes

	Due after more than 12 months 2020
15. Non-current liabilities other than provisions	
Deposits	245
	245

	2020 DKK'000	2019 DKK'000
16. Change in working capital		
Increase/decrease in receivables	91.402	105.246
Increase/decrease in trade payables etc.	(44.268)	(87.053)
	47.134	18.193

17. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	276.985	210.285
Liabilities under rental agreements or leases with group enterprises until expiry	238.893	188.271

18. Contingent liabilities		
Recourse and non-recourse guarantee commitments	51.492	162.831
Contingent liabilities	51.492	162.831
Recourse and non-recourse guarantee commitments	0	61.211
Contingent liabilities to group enterprises	0	61.211



Reefer Road



Notes

Lawsuits

The Company is involved in a few lawsuits. These lawsuits will in the opinion of the management not have material influence on the company's financial position.

The Entity participates in a Danish joint taxation arrangement in which Blue Water 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 for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

19. Assets charged and collateral

None

20. Related parties with controlling interest

Blue Water Fonden, Esbjerg (ultimate parent)

Blue Water Holding A/S, Esbjerg (parent company)

21. Transactions with related parties

In the annual report only transactions with related parties, which have not been completed under normal circumstances, will be informed. There have been no such transactions.

22. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Blue Water Holding A/S, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Blue Water Holding A/S, Esbjerg



Oil, Gas & Industrial Projects



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 financial statements are consistent with those applied last year.

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.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

Accounting policies

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

INCOME STATEMENT

Revenue

Revenue from the sale is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting profit of a forwarding job is booked as income at the time when the transport of the shipment in question starts.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation, and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

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 entity is jointly taxed with all Danish subsidiaries. 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 is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis.

Goodwill *5-10 years*

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Leasehold improvement, 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 *3-10 years*
Leasehold improvement *5-10 years*

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Accounting policies

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

Deferred tax

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

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

Income tax payable or receivable

Current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Other investments

Securities recognised under current assets comprise listed bonds and investments measured at fair value (market price) at the balance sheet date. Deposits under fixed assets are measured at amortised 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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Operating leases

Lease payments on operating leases are recognized on a straight-line basis in the income statement over the term of the lease.

Accounting policies

Other financial liabilities

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

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as 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 income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on 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.



General Cargo Road

