



## Dee4 Capital Fund I K/S

Amaliegade 33 B, 1.  
1256 Copenhagen  
CVR No. 40599053

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 02.05.2023

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**Carsten Mortensen**

Chairman of the General Meeting

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# Entity details

## Entity

Dee4 Capital Fund I K/S

Amaliegade 33 B, 1.

1256 Copenhagen

Business Registration No.: 40599053

Date of foundation: 21.06.2019

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

## Executive Board

Carsten Mortensen, Executive Board

Frederick Edward Maconchy Lee, Executive Board

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Dee4 Capital Fund I K/S for the financial year 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 02.05.2023

## Executive Board

**Carsten Mortensen**  
Executive Board

**Frederick Edward Maconchy Lee**  
Executive Board

# Independent auditor's report

## To the limited partners in Dee4 Capital Fund I K/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Dee4 Capital Fund I K/S for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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, 02.05.2023

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Michael Thorø Larsen**

State Authorised Public Accountant  
Identification No (MNE) mne35823

# Management commentary

## Financial highlights

	2022 USD'000	2021 USD'000	2020 USD'000	2019 USD'000
<b>Key figures</b>				
Gross profit/loss	47,124	10,762	13,833	2,078
Operating profit/loss	41,691	9,267	4,272	1,168
Net financials	(1,447)	(1,749)	(1,807)	(579)
Profit/loss for the year	40,244	7,518	2,465	589
Balance sheet total	47,125	101,548	102,856	69,575
Investments in property, plant and equipment	39,173	88,449	84,369	44,837
Equity	33,206	60,773	59,073	48,414
Cash flows from operating activities	23,046	5,691	11,181	752
Cash flows from investing activities	68,269	(5,500)	(49,093)	(45,747)
Cash flows from financing activities	(94,233)	(6,121)	44,795	49,807
<b>Ratios</b>				
Equity ratio (%)	70.46	59.85	57.43	69.59

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

### Equity ratio (%):

$\frac{\text{Equity}}{\text{Balance sheet total}} * 100$

Balance sheet total



**Primary activities**

The Group's main activity is to invest in assets and businesses within the fields of shipping, transportation and logistics, infrastructure and offshore, which the Group intends to develop commercially and all business related hereto.

**Sustainable Finance Disclosure Regulation**

The Group is comprised by SFDR as a financial market participant with investments in Article 6 financial products. The investments underlying this financial product does not take into account the EU criteria for environmentally sustainable economic activities.

**Development in activities and finances**

The development in activities and finances were as expected.

**Profit/loss for the year in relation to expected developments**

The profit/loss for the year is as expected.

**Uncertainty relating to recognition and measurement**

The recognition and measurement of items in the annual report is not associated with significant uncertainty.

**Outlook**

Management expects a positive result in 2023.

The Group's expected development depends on the earnings in group enterprises.

**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.

The ongoing conflict between Ukraine and Russia in 2023 has among others resulted in higher volatility in the financial markets and commodity prices during the period reported until the adoption of the Annual Report. The ongoing conflict does not affect the Annual Report 2022. The current assessment is that the ongoing conflict will not have a negative impact on the Fund.

# Consolidated income statement for 2022

	Notes	2022 USD'000	2021 USD'000
<b>Gross profit/loss</b>	1	<b>47,124</b>	<b>10,762</b>
Depreciation, amortisation and impairment losses		(5,433)	(1,495)
<b>Operating profit/loss</b>		<b>41,691</b>	<b>9,267</b>
Other financial income		173	22
Other financial expenses		(1,620)	(1,771)
<b>Profit/loss for the year</b>	2	<b>40,244</b>	<b>7,518</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 USD'000	2021 USD'000
Ships		39,173	88,449
<b>Property, plant and equipment</b>	3	<b>39,173</b>	<b>88,449</b>
<b>Fixed assets</b>		<b>39,173</b>	<b>88,449</b>
Raw materials and consumables		1,507	3,318
<b>Inventories</b>		<b>1,507</b>	<b>3,318</b>
Trade receivables		2,453	1,646
Other receivables		934	1,533
Contributed capital in arrears	4	0	234
Prepayments	5	211	603
<b>Receivables</b>		<b>3,598</b>	<b>4,016</b>
<b>Cash</b>		<b>2,847</b>	<b>5,765</b>
<b>Current assets</b>		<b>7,952</b>	<b>13,099</b>
<b>Assets</b>		<b>47,125</b>	<b>101,548</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 USD'000</b>	<b>2021 USD'000</b>
Contributed capital		72,910	72,200
Retained earnings		(39,704)	(11,427)
<b>Equity</b>		<b>33,206</b>	<b>60,773</b>
Bank loans		10,245	32,506
<b>Non-current liabilities other than provisions</b>	<b>6</b>	<b>10,245</b>	<b>32,506</b>
Current portion of non-current liabilities other than provisions	6	1,200	5,520
Trade payables		1,437	1,852
Deferred income	7	1,037	897
<b>Current liabilities other than provisions</b>		<b>3,674</b>	<b>8,269</b>
<b>Liabilities other than provisions</b>		<b>13,919</b>	<b>40,775</b>
<b>Equity and liabilities</b>		<b>47,125</b>	<b>101,548</b>
Contingent liabilities	9		
Assets charged and collateral	10		
Transactions with related parties	11		
Subsidiaries	12		

# Consolidated statement of changes in equity for 2022

	Contributed capital USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Total USD'000
Equity beginning of year	72,200	(11,427)	0	60,773
Increase of capital	710	0	0	710
Extraordinary dividend paid	0	0	(68,521)	(68,521)
Profit/loss for the year	0	(28,277)	68,521	40,244
<b>Equity end of year</b>	<b>72,910</b>	<b>(39,704)</b>	<b>0</b>	<b>33,206</b>

# Consolidated cash flow statement for 2022

	Notes	2022 USD'000	2021 USD'000
Operating profit/loss		41,691	9,267
Amortisation, depreciation and impairment losses		5,433	1,495
Working capital changes	8	1,720	(3,275)
Gain on sale from vessels		(24,267)	0
<b>Cash flow from ordinary operating activities</b>		<b>24,577</b>	<b>7,487</b>
Financial income received		22	22
Financial expenses paid		(1,553)	(1,818)
<b>Cash flows from operating activities</b>		<b>23,046</b>	<b>5,691</b>
Acquisition of ships		(452)	(29,901)
Disposal of ships		68,721	24,401
<b>Cash flows from investing activities</b>		<b>68,269</b>	<b>(5,500)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>91,315</b>	<b>191</b>
Loans raised		0	13,245
Repayments of loans etc.		(26,656)	(13,870)
Capital Increase		710	16,182
Change in contribution receivable		234	322
Distributions to Limited Partners		(68,521)	(22,000)
<b>Cash flows from financing activities</b>		<b>(94,233)</b>	<b>(6,121)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(2,918)</b>	<b>(5,930)</b>
Cash and cash equivalents beginning of year		5,765	11,695
<b>Cash and cash equivalents end of year</b>		<b>2,847</b>	<b>5,765</b>
Cash and cash equivalents at year-end are composed of:			
Cash		2,847	5,765
<b>Cash and cash equivalents end of year</b>		<b>2,847</b>	<b>5,765</b>

# Notes to consolidated financial statements

## 1 Gross profit/loss

The Group has no employees.

Management has not received direct remuneration.

In the Group's accounts, Gross profit is equivalent to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Operating profit is equivalent to Earnings Before Interest and Taxation (EBIT).

During the accounting period, three vessels were sold on 3 October 2022, 11 October 2022 and 15 December 2022 respectively. These vessels along with vessels acquired in the previous accounting periods constituted the revenue-generating activity of the Group during the accounting period.

Gross profit represents all hire revenues received relating to the accounting period, less technical operating costs of the vessels, a fund management fee to Dee4 Capital Partners ApS and any other third party costs such as administration, audit etc.

## 2 Proposed distribution of profit/loss

	2022 USD'000	2021 USD'000
Retained earnings	40,244	7,518
	<b>40,244</b>	<b>7,518</b>

## 3 Property, plant and equipment

	Ships USD'000
Cost beginning of year	97,164
Additions	452
Disposals	(53,448)
<b>Cost end of year</b>	<b>44,168</b>
Depreciation and impairment losses beginning of year	(8,715)
Disposals on divestments etc	8,994
Depreciation for the year	(5,274)
<b>Depreciation and impairment losses end of year</b>	<b>(4,995)</b>
<b>Carrying amount end of year</b>	<b>39,173</b>

## 4 Contributed capital in arrears

The Group issued a capital call to limited partners prior to the balance sheet date, which were fully paid after the balance sheet date.

## 5 Prepayments

Prepayments comprise of prepaid costs and pre-invoiced revenue.

## 6 Non-current liabilities other than provisions

	Due within 12 months 2022 USD'000	Due within 12 months 2021 USD'000	Due after more than 12 months 2022 USD'000
Bank loans	1,200	5,520	10,245
	<b>1,200</b>	<b>5,520</b>	<b>10,245</b>

Included in bank loans are arrangement fees and commitment fees, which are amortised over the loan period.

## 7 Deferred income

Deferred income mainly constitutes pre-invoiced revenue and pre-invoiced costs.

## 8 Changes in working capital

	2022 USD'000	2021 USD'000
Increase/decrease in inventories	1,809	(1,630)
Increase/decrease in receivables	184	768
Increase/decrease in trade payables etc.	(273)	(2,413)
	<b>1,720</b>	<b>(3,275)</b>

## 9 Contingent liabilities

There are no contingent liabilities of the Group. No commitment has been given between the Group enterprises.

## 10 Assets charged and collateral

The following has been provided as collateral for bank loans with an unpaid balance of USD 11.5m in the Group. All terms and collaterals have been provided based on terms which are normal within the industry.

- Mortgage deed registered on the vessel owners
- Assignment of earnings of the vessels
- Assignment of the insurance amount on the vessels.

Dee4 Fund I Holding K/S is jointly and severally liable for all bank loans within the companies of the Dee4 Fund I Holding K/S Group. The ships owned by the Dee4 Fund I Holding K/S Group are provided as collateral for the bank loans with a consolidated carrying amount of USD 14.4m.

Dee4 Fund I Holding II K/S is jointly and severally liable for all bank loans within the companies of the Dee4 Fund I Holding II K/S Group. The ships owned by the Dee4 Fund I Holding II K/S Group are provided as collateral for the bank loans with a consolidated carrying amount of USD 24.8m.



## 11 Transactions with related parties

Dee4 Capital Fund I K/S has no related parties with controlling interest.

Only related party transactions not conducted on an arm's length basis are disclosed in the financial statements.

All related party transactions during the financial year have been conducted on an arm's length basis.

Transactions between Dee4 Capital Fund I K/S and its subsidiaries are eliminated in the present consolidated financial statements and are not disclosed with reference to the Danish Financial Statements Act, section 98c.

## 12 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity USD'000	Profit/loss USD'000
Dee4 Fund I Holding K/S	Copenhagen	K/S	100.00	14,072	24,636
Dee4 Fund I Holding II K/S	Copenhagen	K/S	100.00	17,321	16,548
Dee4 VesselCo 3 K/S	Copenhagen	K/S	100.00	145	11,668
Dee4 VesselCo 4 K/S	Copenhagen	K/S	100.00	(295)	11,464
Dee4 VesselCo 5 K/S	Copenhagen	K/S	100.00	14,203	1,044
Dee4 VesselCo 6 K/S	Copenhagen	K/S	100.00	2,910	15,576
Dee4 VesselCo 7 K/S	Copenhagen	K/S	100.00	14,052	993
Dee4 VesselCo 3 GP ApS	Copenhagen	ApS	100.00	4	0
Dee4 VesselCo 4 GP ApS	Copenhagen	ApS	100.00	5	0
Dee4 VesselCo 5 GP ApS	Copenhagen	ApS	100.00	5	0
Dee4 VesselCo 6 GP ApS	Copenhagen	ApS	100.00	6	0
Dee4 VesselCo 7 GP ApS	Copenhagen	ApS	100.00	6	0
Dee4 Fund I Holding GP ApS	Copenhagen	ApS	100.00	4	0
Dee4 Fund I Holding II GP ApS	Copenhagen	ApS	100.00	6	0

# Parent income statement for 2022

	Notes	2022 USD'000	2021 USD'000
<b>Gross profit/loss</b>	1	<b>(388)</b>	<b>(264)</b>
Income from investments in group enterprises		40,623	7,777
Other financial income		25	22
Other financial expenses		(16)	(17)
<b>Profit/loss for the year</b>	2	<b>40,244</b>	<b>7,518</b>

# Parent balance sheet at 31.12.2022

## Assets

	2022 USD'000	2021 USD'000
Investments in group enterprises	31,427	58,338
<b>Financial assets</b>	<b>31,427</b>	<b>58,338</b>
<b>Fixed assets</b>	<b>31,427</b>	<b>58,338</b>
Receivables from group enterprises	1,915	2,355
Other receivables	0	33
Contributed capital in arrears	0	234
<b>Receivables</b>	<b>1,915</b>	<b>2,622</b>
<b>Cash</b>	<b>490</b>	<b>491</b>
<b>Current assets</b>	<b>2,405</b>	<b>3,113</b>
<b>Assets</b>	<b>33,832</b>	<b>61,451</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 USD'000</b>	<b>2021 USD'000</b>
Contributed capital		72,910	72,200
Retained earnings		(39,704)	(11,427)
<b>Equity</b>		<b>33,206</b>	<b>60,773</b>
Trade payables		0	24
Payables to group enterprises		626	654
<b>Current liabilities other than provisions</b>		<b>626</b>	<b>678</b>
<b>Liabilities other than provisions</b>		<b>626</b>	<b>678</b>
<b>Equity and liabilities</b>		<b>33,832</b>	<b>61,451</b>
Contingent liabilities	3		
Assets charged and collateral	4		
Related parties with controlling interest	5		

# Parent statement of changes in equity for 2022

	Contributed capital USD'000	Reserve for net revaluation according to the equity method USD'000	Retained earnings USD'000	Proposed extraordinary dividend USD'000	Total USD'000
Equity beginning of year	72,200	0	(11,427)	0	60,773
Increase of capital	710	0	0	0	710
Extraordinary dividend paid	0	0	0	(68,521)	(68,521)
Dissolution of revaluations	0	31,134	(31,134)	0	0
Dividends from group enterprises	0	(72,315)	72,315	0	0
Profit/loss for the year	0	41,181	(69,458)	68,521	40,244
<b>Equity end of year</b>	<b>72,910</b>	<b>0</b>	<b>(39,704)</b>	<b>0</b>	<b>33,206</b>

The contributed capital is divided in shares with a nominal value of USD 1.

Certain classes of shares are entitled to preferential return, provided that the fund's total IRR exceeds an agreed return, as stated in the Limited Partnership Agreement.

# Notes to parent financial statements

## 1 Gross profit/loss

The Entity has no employees.

Management has not received remuneration.

Gross loss represents the fund's management fee to Dee4 Capital Partners ApS and other third party costs such as administration, audit and legal costs. All hire revenue plus gain on sale of vessels, less technical operating costs of the vessels and depreciation are included in "Income from investments in group enterprises".

## 2 Proposed distribution of profit and loss

	2022 USD'000	2021 USD'000
Retained earnings	40,244	7,518
	<b>40,244</b>	<b>7,518</b>

## 3 Contingent liabilities

There are no contingent liabilities of the Entity. No commitment has been given to Group enterprises.

## 4 Assets charged and collateral

No equity has been provided as collateral for the outstanding bank debt in the group entity Dee4 Fund I Holding II K/S.

## 5 Related parties with controlling interest

Dee4 Capital Fund I K/S has no related parties with controlling interest.

Only related party transactions not conducted on an arm's length basis are disclosed in the financial statements. All related party transactions during the financial year have been conducted on an arm's length basis.

# Accounting policies

## Reporting class

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

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

The reporting currency is U.S. Dollars (USD). The balance sheet date exchange rate has been applied, which is USD/DKK 6,9722.

## 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.

## 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.

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.

### 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 rate 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, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from time charters is recognised as receivable over the duration of the charter.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### Other external expenses

Other external expenses include expenses relating to the Group's ordinary activities, including technical anagement costs, the management fee to Dee4 Capital Partners ApS and any other third party costs such as administration, audit and insurance.

#### Depreciation, amortisation and impairment losses

Depreciation relating to the vessels comprise depreciation for the financial year, calculated on the basis of the residual values and useful lives of the vessel and impairment testing as well as gains and losses from sale of vessels.

#### 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.

#### Other financial income

Other financial income comprises interest income and net exchange rate adjustments on transactions in foreign currencies.

#### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on bank loans and net exchange rate adjustments on transactions in foreign currencies.

### Balance sheet

#### Property, plant and equipment

Property, plant and equipment includes vessels who are measured at cost less accumulated depreciation and impairment losses. Cost comprises the the acquisition price, costs directly attributable to the acquisition and preparation costs of the assets 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 from time of commissioning:

Vessels	25 years
Dry dock	5 years

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 in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

### **Inventories**

Raw materials and consumables bunkers and lube oil, which are measured at the lower of cost using the FIFO method and net realisable value and includes expenditure relating to acquisition as well as delivery costs.

### **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 and bank deposits.

### **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 purchase of property, plant and equipment, including acquisition of assets held.

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 and instalments on interest-bearing debt.

Cash and cash equivalents comprise cash.