

Garnet Marine Capital ApS
Amaliegade 33B, 1.
DK-1256 Copenhagen C
Business Registration No: 40 99 41 30

Annual report for 2021
(1 April 2021 – 31 March 2022)

The Annual General Meeting adopted the annual report on 29 September 2022

Chairman of the General Meeting



Name: Takayuki Hase

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Statement of comprehensive income	7
Balance sheet at 31 March 2022	8
Statement of changes in equity	10
Cash flow statement	11
Table of notes	12
Notes	13

Entity details

Company

Garnet Marine Capital ApS
Amaliegade 33B, 1st floor
1256 Copenhagen C, Denmark
Business Registration No. (CVR): 40 99 41 30
Registered in: Copenhagen, Denmark
Financial year: 01.04.2021 – 31.03.2022

Executive Board

Suguru Fukutomi
Takayuki Hase
Yusaku Katsura

Company auditors

EY Godkendt Revisionspartnerselskab
Dirch Passers Allé 36
2000 Frederiksberg, Denmark
CVR No.: 30 70 02 28

Statement by Management on the annual report

The Executive Management has today considered and approved the annual report of Garnet Marine Capital ApS for the financial year 1 April 2021 – 31 March 2022.

The annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2022 and of the results of their operations for the financial year 1 April 2021 – 31 March 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, 29 September 2022

Executive Management



Suguru Fukutomi



Takayuki Hase



Yusaku Katsura

Independent auditor's report

To the shareholder of Garnet Marine Capital ApS

Opinion

We have audited the financial statements of Garnet Marine Capital ApS for the financial year 1 April 2021 – 31 March 2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of accounting policies. The financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional requirements of 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 March 2022, and of the results of their operations and cash flows for the financial year 1 April 2021 - 31 March 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of 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 Company'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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review 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's review.

Copenhagen, 29 September 2022

EY Godkendt Revisionspartnerselskab

Business Registration No 30 70 02 28

Thomas Bruun Kofoed

State Authorised Public Accountant

Identification No (MNE) mne28677

Management commentary

	2021	2020*
	USD'000	USD'000
Financial highlights		
Key figures		
Operating profit/(loss) (EBIT)	1,302	1,376
Profit/loss for the year	1,410	1,272
Equity	28,900	29,778
Total assets	28,900	29,882
Ratios		
Return on equity (%)	4,80%	4.27%
Equity Ratio (%)	100,00%	99.65%

*This is the Company's first financial year and comprise the period 4 December 2019 – 31 March 2021.

Financial highlights are defined as below.

Ratios	Calculation formula	Calculation formula reflects
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.

Primary activity

The primary activity of the Company is to invest capital in Dee4 Fund Capital I K/S, Dee4 Fund I GP ApS and Dee4 Capital Partners ApS.

Events after the balance sheet date

Additional investments in Dee4 Fund Capital I K/S financing through capital injection in the Company has been made.

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

Statement of comprehensive income

	<u>Notes</u>	<u>2021 USD'000</u>	<u>2020 USD'000</u>
Profit from investments in associated companies	6	1,366	1,404
Operating income		1,366	1,404
Other external expenses		(64)	(28)
Total costs		(64)	(28)
Operating profit/(loss) (EBIT)		1,302	1,376
Financial income	3	0	1
Financial expenses	4	0	(1)
Profit/(loss) before tax		0	1,376
Tax for the period	5	108	(104)
Profit/(loss) for the year		1,410	1,272
Other comprehensive income		0	0
Comprehensive income		1,410	1,272

Balance sheet at 31 March 2022

	Notes	2021 USD'000	2020 USD'000
Investments in associated companies	6	26,145	27,027
Investments in other companies		<u>1</u>	<u>1</u>
Non-current financial assets		<u>26,146</u>	<u>27,028</u>
 Total non-current assets		 <u>26,146</u>	 <u>27,028</u>
 Cash		 <u>2,754</u>	 <u>2,854</u>
 Total current assets		 <u>2,754</u>	 <u>2,854</u>
 Assets		 <u><u>28,900</u></u>	 <u><u>29,882</u></u>

Balance sheet at 31 March 2022

	Notes	2021 USD'000	2020 USD'000
Share capital	7	6	6
Share premium		26,212	28,500
Retained earnings		(88)	(132)
Reserve for net revaluation according to the equity method		2,770	1,404
Total equity		28,900	29,778
Income tax payable		0	104
Total current liabilities		0	104
Total liabilities		0	104
Equity and liabilities		28,900	29,882

Statement of changes in equity

Equity statement 2021

USD'000	Share capital	Share premium	Retained earnings	Reserve for net re-valuation according to the equity method	Total
Equity beginning of year	6	28,500	(132)	1,404	29,778
Increase of capital	1	3,551	0	0	3,552
Decrease of capital	(1)	(5,839)	0	0	(5,840)
Profit/loss for the year	0	0	44	1,366	1,410
Equity end of year	6	26,212	(88)	2,770	28,900

Equity statement 2020

USD'000	Share capital	Share premium	Retained earnings	Reserve for net re-valuation according to the equity method	Total
Equity beginning of year	0	0	0	0	0
Increase of capital	6	28,500	0	0	28,506
Profit/loss for the year	0	0	(132)	1,404	1,272
Equity end of year	6	28,500	(132)	1,404	29,778

Cash flow statement

	Notes	2021 USD'000	2020 USD'000
Operating profit/(loss)	6	1,302	1,376
Add back profit from investments in associated companies		(1,366)	(1,404)
Settlement of joint tax		4	0
Cash flows from ordinary activities		(60)	(28)
Financial income	3	0	1
Financial expenses	4	0	(1)
Cash flows from operating activities		0	0
Investments in associated companies	6	(6,460)	(25,623)
Investments in other companies		0	(1)
Distributions from investments in associated companies		8,708	0
Cash flows from investing activities		2,248	(25,624)
Capital increase		3,552	28,506
Capital decrease		(5,840)	0
Cash flows from financing activities		(2,288)	28,506
Increase/decrease in cash		(100)	2,854
Cash beginning of year		2,854	0
Cash end of year		2,754	2,854

Table of notes

1.	Accounting policies	13
2.	Significant accounting estimates and judgements	16
3.	Financial income	17
4.	Financial expenses	17
5.	Tax for the period	17
6.	Investments in associated companies	17
7.	Share capital	18
8.	Related parties	18
9.	Contingent liabilities	19
10.	Financial risk management, objectives and policies	19
11.	Events after the balance sheet date	19

Notes

1. Accounting policies

Reporting class

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and disclosure requirements of the Danish Financial Statements Act governing reporting class B enterprises.

Basis of preparation

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (USD'000), except when otherwise indicated.

The accounting policies set out below have been used consistently in respect of the financial year and are unchanged compared to last year.

As part of the preparation of the financial statements, Management makes a number of accounting estimates which form the basis of presentation, recognition and measurement of the Company's assets and liabilities. The significant accounting estimates are evident from note 2 to the financial statements.

Standards and Interpretations not yet in force

All of the new and revised standards and interpretations which are relevant to the Company and which came into force with effect for financial years beginning 01.04.2021 have been applied when preparing the financial statements.

According to Management, new and revised standards and interpretations not effective as of 01.04.2021 will not have a significant impact on the financial statements and will not be early adopted.

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 Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company 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 Company, 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.

Notes

1. Accounting policies (continued)

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

Items included in the financial statements of the Company are measured in the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements of the Company are presented in the currency unit US Dollars (USD), which is the Company’s functional and presentation currency.

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.

Statement of comprehensive income

Other external expenses

These expenses comprise expenses incurred for administration and various corporate costs.

Share of profit or loss of associated companies

The proportionate share of associates profit or loss after tax and after elimination of the proportionate share of intercompany profits or losses is recognised in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses on debt and foreign currency transactions, as well as surcharges and reliefs 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 Company has elected taxations in accordance with the tonnage tax scheme for those activities which are relevant.

Notes

1. Accounting policies (continued)

Balance sheet

Investments in associated companies

Associates is an entity over which the Company has significant influence, but not control. Investments in associated companies are measured according to the equity method. This means that, in the balance sheet, investments are measured at the proportionate share of the enterprises' equity value, calculated applying the entity's accounting policies, plus the carrying amount of goodwill and plus or less the proportionate share of unrealised internal profits and losses.

Associated companies with a negative equity value are measured at USD 0. If there are a legal or constructive obligation to cover the negative balance of the associate, this amount is recognised in liabilities.

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

Investments in other companies

Investments in other companies are measured at fair value.

Cash

Cash comprise cash in bank deposits.

Income tax receivable or payable

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

Cash flow statement

The cash flow statement is presented according to the indirect method and shows cash flows from operating, investing and financing activities as well as the Company's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities comprise payments related to the acquisition and sale of investments.

Cash flows relating to financing activities comprise changes in the Company's capital.

Notes

2. Significant accounting estimates, assumptions and uncertainties

Significant accounting estimates

As part of the preparation of the financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the Company's assets, liabilities, income and expenses. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The Company's accounting policies are described in detail in note 1 to the financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the annual report.

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Company's financial reporting are made, for instance, by reviewing investments in associated companies for impairment. They constitute a major portion of the Company's total assets.

Investment in associated companies are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring associated companies requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied - collectively and individually - may be significant.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

Notes

	2021 USD'000	2020 USD'000
3. Financial income		
Interest income from bank deposits	0	1
Financial income	0	1
4. Financial expenses		
Foreign exchange loss etc.	0	(1)
Financial expenses	0	(1)
5. Tax on profit/loss for the year		
Current tax on profit/loss for the year	108	(104)
Deferred tax on profit/loss for the year	0	0
Tax in the income statement	108	(104)
	2021 %	2020 %
<i>Computation of effective tax rate:</i>		
Statutory income tax rate	22.0	22.0
Effects from tonnage tax scheme	(30.3)	(14.4)
Effective tax rate	(8.3)	7.6
6. Investments in associated companies		
Key figures for associated companies (100% basis):	Dee4 Capital Fund I K/S USD'000	Dee4 Capital Partners ApS DKK'000
Current assets	13,098	17,590
Non-current assets	85,239	40
Current liabilities	8,268	599
Non-current liabilities	32,506	0
Net assets of the associates	57,563	17,031
Revenue	12,981	6,571
Profit or loss from operations	4,283	(312)
Profit/(loss) for the year	2,535	458
Other comprehensive income	0	0
Total comprehensive income	0	0

Notes

6. Investments in associated companies (continued)

	Dee4 Capital Fund I K/S USD'000	Dee4 Capital Partners ApS DKK'000
Dividends declared by the associates during the year	22,000	0
Net assets of associates	57,563	17,031
Proportion of the Entity's ownership interest in the associated companies (%)	39.58%	25%
Carrying amount of the Entity's interest in the associated companies	22,783	635

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Entity
Dee4 Capital Fund I K/S	Invests in assets and businesses within the fields of shipping, transportation, infrastructure and offshore.	Copenhagen	39.58 %
Dee4 Capital Partners ApS	Provides investment advisory services and management services to investment companies, private equity funds and similar entities.	Copenhagen	25 %

Investments in associated companies are being assessed on a recurring basis for any indication of the recoverable amount exceeding the carrying amount. There has not been any indication thereof during the financial year.

7. Share capital

The share capital consists of 43,000 shares at DKK 1 each. The share capital has not been divided into classes.

8. Related parties

The related parties of the Company comprise the following:

Parties exercising control

Marubeni Corporation, 4-2, Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-8088, Japan holds 100% of the shares in the Company.

Notes

8. Related parties (continued)

Other related parties

Related parties also include the associated companies as disclosed in note 6 to which we refer.

During the period, there have been no transactions with related parties apart from capital injections.

9. Contingent liabilities

The Company serves as the administration company in a Danish joint taxation arrangement. 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 Company has an outstanding commitment of USD 1,490 thousand for the investment in Dee4 Capital Fund I K/S.

The Company has no further contingent liabilities.

10. Financial risk management, objectives and policies

Capital management

The primary objective of the Company's capital management is to ensure that it maintains an adequate capital in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes of economic conditions. To maintain or adjust the capital structure, the Company can issue new shares or make dividend payments to shareholders.

Credit risk

The Company's credit risk is related to the banks where the Company's surplus liquidity is placed in bank accounts.

11. 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.