
ZeroNorth A/S

Amagerfælledvej 106, DK-2300 Copenhagen S

Annual Report for 2023

CVR No. 41 05 22 36

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/6 2024

Iben Schultz Jacobsen
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Notes to the Financial Statements	13

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ZeroNorth A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 22 May 2024

Executive Board

Søren Christian Meyer

Board of Directors

Christian Michael Ingerslev
Chairman

Maria Aagaard Pejter

Danny Brian Lange

Mikael Øpstun Skov

Eric Aboussouan

Rodolphe Aldo Mario Mareuse

Balaji Sankaran

Rajesh Madhavan Unni

Independent Auditor's report

To the shareholders of ZeroNorth A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ZeroNorth A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

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 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company 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 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.

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 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 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.

Hellerup, 22 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Company information

The Company	ZeroNorth A/S Amagerfælledvej 106 2300 Copenhagen S Website: www.zeronorth.com CVR No: 41 05 22 36 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Christian Michael Ingerslev, chairman Maria Aagaard Pejter Danny Brian Lange Mikael Øpstun Skov Eric Aboussouan Rodolphe Aldo Mario Mareuse Balaji Sankaran Rajesh Madhavan Unni
Executive Board	Søren Christian Meyer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020
	TUSD	TUSD	TUSD	TUSD
Key figures				
Profit/loss				
Revenue	10,880	6,781	3,102	611
Gross loss	-9,718	-4,565	-2,037	-4,405
Profit/loss of primary operations	-40,976	-35,231	-11,092	-51,100
Profit/loss of financial income and expenses	207	-594	66	-66
Net profit/loss for the year	-36,754	-32,772	-8,185	-4,037
Balance sheet				
Balance sheet total	71,901	59,867	19,154	15,262
Investment in property, plant and equipment	421	457	309	0
Equity	10,917	39,370	4,986	13,171
Number of employees	137	130	47	27
Ratios				
Gross margin	-89.3%	-67.3%	-65.7%	-720.9%
Profit margin	-376.6%	-519.6%	-357.6%	-8363.3%
Return on assets	-57.0%	-58.8%	-57.9%	-334.8%
Solvency ratio	15.2%	65.8%	26.0%	86.3%
Return on equity	-146.2%	-147.8%	-90.2%	-61.3%

Management's review

Key activities

ZeroNorth A/S was founded in 2020 and has the ambition to make global trade green. The company leads the green transition of the shipping industry together with its partners and customers, using technology and turning data into actions to optimisation operation, supporting the dual aims of maximising business while also supporting the drive towards decarbonisation.

ZeroNorth A/S is building an industry platform, which is breaking down silos and connecting the dots across the value chain, bringing voyage, vessel and bunker optimization together into one platform. The ZeroNorth platform is aligning incentives and optimizing across value-chain to bring increased revenue and lower CO2.

In February 2023, ZeroNorth continued its business expansion through the acquisition of BTS PTE LTD, a software platform for marine fuel suppliers headquartered in Singapore. BTS brings more than 15 years of market expertise and marine fuel trading and supply processes to ZeroNorth, as well as a well-established presence in Singapore, the largest global marine hub. The acquisition supports ZeroNorth's growth strategy and focus specifically within the marine fuel industry and follows the acquisition of Prosmar Bunkering just 3 months ago.

With the increasing pressure to digitalise and optimise the marine fuel supply chain, and the influx of alternative fuel options becoming available, equipping customers with the ability to make better decisions in regards to procuring, storing and selling fuel is becoming a key priority for ZeroNorth, and as such, in October 2023 ZeroNorth announced its plans to consolidated its existing bunker business across ClearLynx, Prosmar and BTS under one ZeroNorth brand, creating synergies across the different solutions to enable faster release of new features that respond to market needs. To enable the commercialisation of the consolidation and to ensure compliance, ZeroNorth took the decision to move all subsequent Technology IP relating to the bunker business to Denmark.

In May 2023, ZeroNorth announced the signing of a long term strategic partnership with energy and commodity leader Vitol. The deal sees Vitol gain full access to the ZeroNorth platform, and ZeroNorth customers in turn gain access to Vitol's carbon reduction solutions and bunkering services, through the subsidiary Vitol Bunkers. Thus enabling ZeroNorth to deepen its collaborative ties with true commodity experts, powering its teams and capability to deliver the products and services needed for a profitable and decarbonised maritime industry.

On 30 October, ZeroNorth and Alpha Ori Technologies announced a plan to join forces, combining Alpha Ori Technologies' expertise in IoT sensors and high frequency data and ZeroNorth's multi-service technology platform to accelerate the transition to sustainable shipping. The deal subsequently closed on 19 February 2024.

During 2023, ZeroNorth held true to its strategic decision to expand through both M&A as well as organic footprint expansion through new incorporation, opening offices in Greece, Bulgaria and India with a focus on talent attraction and areas of commercial interest.

Management's review

Development in the year

The income statement of the Company for 2023 shows a loss of USD 36,754,415 (2022: USD -32,772,170), and at 31 December 2023 the balance sheet of the Company shows a positive equity of USD 10,917,391. The company remained in a high growth phase throughout 2023 but saw FTE number and costs stabilise in Denmark as there was a strategic decision to focus on expansion in low cost locations enabling ZeroNorth to better support scaling operations and a growing global footprint whilst on the path towards profitability. Overall, the group FTE count grew from 162 to 249, with the average FTE in Denmark rising just 7 from 130 to 137.

By end December 2023 ZeroNorth landed Annual Recurring Revenue (ARR), one of the company's key metrics, close to budget and with 82% growth from 2022. Operating costs also closely followed budget, and landed EBITDA slightly behind due to slower ARR to recognised revenue conversion than anticipated. This conversion has become a key metric going into 2024, and is being closely monitored.

Management can confirm there has been no uncertainty with regard to recognition or measurement and no unusual matters have affected such.

The Company is continuing to grow as per business plan with line of sight to profitability by Q4 2024. The outlook for contracted and billable ARR is strong with close to 50% growth YoY in both categories. Synergies from the recent large acquisition has to a large extent already been executed upon, which continues to prove the Company's strong track record in integration. We expect the result in 2024 to be between USD -10 million to USD -13 million.

Impact on external environment

Through the ZeroNorth platform customers are able to carbon emissions through services that ensure selection of cleaner fuel choices through and route optimisation combined with advanced fuel modeling.

Our growth was also marked by impactful achievements in expansion and collaboration. Through strategic acquisitions like BTS PTE LTD and partnerships with Vitol, we enhanced our bunker business while integrating advanced technologies into the ZeroNorth platform. As a member of the Global Maritime Forum's Short-Term Actions Taskforce, we became a signatory to the operational efficiency ambition statement and resulting 'Taking Action on Operational Efficiency' publication. As part of a collective of 30 maritime companies, ZeroNorth outlined five key action areas to improve vessels' operational efficiency, committing to adopt these measures at the GMF's Annual Summit, held in Athens this past October.

ZeroNorth also partnered with Energy LEAP, a strategic alliance between energy majors, and other industry partners to develop a Vessel Emissions Reporting Standard (VERS 1.0) for tanker ships. The new standard sets out a standard way of managing and reporting emissions data to track progress and ensure compliance with the IMO's decarbonisation goals. With a standard outlining the data points that should be collected daily, ZeroNorth is helping to improve the quality of the data operators collect to enhance emissions analytics, as well as further assist owners in reporting on emissions at the end of each year.

Additionally, we hosted our first annual Earth Day for the maritime industry, bringing together over 300 people and 10 organisations to discuss and promote sustainable practices within our sector. Each of these initiatives has strengthened our commitment to reducing emissions and accelerating the green transition.

Our partnership with Alpha Ori Technologies has expanded our IoT sensor integration and data analytics capabilities, enabling us to deliver high-frequency data insights. In addition, our new offices in Greece, Bulgaria, and India contributed to local economies while strengthening our operational capabilities in strategically vital regions.

Management's review

Knowledge resources

The company's business basis includes supplying high-tech software for the maritime industry. This makes particularly high demands on the knowledge resources regarding employees and business processes.

In order to be able to continuously deliver these solutions, it is crucial that the company can recruit and retain employees with a high level of education within software solutions and data platforms. It is our goal that the company has the latest knowledge. As a measure for this, employee composition and employee turnover are important indicators. The proportion of employees employee turnover is 25,1 %, which Management deem acceptable.

Furthermore, the business is highly dependent on the data in the form of weather, navigational, vessels and voyages, which fuel the ZeroNorth platform and ensures its efficiency and optimization of vessel operations.

Capital resources

Management is certain that ZeroNorth remains financially secure through 2024 with the group planning to reach profitability by Q4 and with an internal equity raise secured in April 2024 to ensure cash flow through to this point. Due to this, the financial statements have been prepared on a going concern basis.

Subsequent events

On 19 February 2024 ZeroNorth and Alph Ori Technologies closed the deal to join forces. Subsequently the two organisations have been integrated under the name ZeroNorth, and are led by the ZeroNorth CEO, Søren Meyer. This milestone means that the combined business now services over 4,500 vessels and more than 200 customers to further accelerate green global trade and the path towards zero emissions shipping.

No further events have occurred after 31 December 2023 which may significantly affect the financial year.

Income statement 1 January - 31 December

	Note	2023	2022
		USD	USD
Revenue		10,880,415	6,781,434
Other operating income		1,603,625	105,000
Other external expenses		-22,201,845	-11,451,262
Gross loss		-9,717,805	-4,564,828
Staff expenses	2	-25,394,365	-23,104,730
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-5,863,351	-7,561,342
Profit/loss before financial income and expenses		-40,975,521	-35,230,900
Financial income	3	1,387,538	493,552
Financial expenses	4	-1,180,527	-1,087,858
Profit/loss before tax		-40,768,510	-35,825,206
Tax on profit/loss for the year	5	4,014,095	3,053,036
Net profit/loss for the year	6	-36,754,415	-32,772,170

Balance sheet 31 December

Assets

	Note	2023	2022
		USD	USD
Acquired other similar rights		19,750,555	9,084,392
Goodwill		1,418,600	2,419,800
Intangible assets	7	21,169,155	11,504,192
Land and buildings		750,667	973,591
Property, plant and equipment	8	750,667	973,591
Investments in subsidiaries	9	20,711,051	18,184,000
Fixed asset investments		20,711,051	18,184,000
Fixed assets		42,630,873	30,661,783
Trade receivables		2,341,741	1,653,601
Receivables from group enterprises		4,360,828	406,708
Other receivables		1,735,060	374,192
Corporation tax receivable from group enterprises		5,659,355	3,800,000
Receivables		14,096,984	6,234,501
Cash at bank and in hand		15,173,532	22,970,309
Current assets		29,270,516	29,204,810
Assets		71,901,389	59,866,593

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		USD	USD
Share capital		138,506	134,063
Retained earnings		10,778,885	39,236,003
Equity		10,917,391	39,370,066
Lease obligations		134,839	355,230
Other payables		0	6,317,149
Long-term debt	10	134,839	6,672,379
Lease obligations	10	535,437	360,597
Trade payables		624,202	1,934,057
Payables to group enterprises		31,559,529	5,271,098
Payables to owners and Management		7,173,286	0
Other payables	10	20,956,705	6,258,396
Short-term debt		60,849,159	13,824,148
Debt		60,983,998	20,496,527
Liabilities and equity		71,901,389	59,866,593
Capital resources	1		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

Statement of changes in equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January	134,063	39,236,003	39,370,066
Cash capital increase	4,443	5,398,985	5,403,428
Share-based payments	0	2,898,312	2,898,312
Net profit/loss for the year	0	-36,754,415	-36,754,415
Equity at 31 December	138,506	10,778,885	10,917,391

Notes to the Financial Statements

1. Capital resources

Management is certain that ZeroNorth remains financially secure through 2024 with the group planning to reach profitability by Q4 2024 and with an equity raise from existing shareholders secured in April 2024 to ensure sufficient cash to continue the operations throughout 2024. Due to this, the financial statements have been prepared on a going concern basis.

	<u>2023</u>	<u>2022</u>
	USD	USD
2. Staff Expenses		
Wages and salaries	23,497,089	21,704,863
Pensions	1,828,892	1,281,187
Other social security expenses	68,384	118,680
	<u>25,394,365</u>	<u>23,104,730</u>
Including remuneration to the Executive Board and Board of Directors		
	<u>1,615,882</u>	<u>2,165,040</u>
Average number of employees	<u>137</u>	<u>130</u>

An incentive scheme in the form of a warrant program was offered to certain employees. The amount expensed in wages and salaries relating to share-based payments is USD 2,898,312 (2022: USD 6,092,094).

The total units granted at 31 December 2022 was 83,474 with an average exercise price of USD 61. In 2023 there was issued 15,240 with an average exercise price of USD 175. Furthermore, there were exercised 525 warrants and 33,449 warrants was lapsed. The total warrants issued at 31 December 2023 is 64,740 with an average exercise price of USD 78. The total vested warrants at 31 December 2023 is 16,931. The vesting period is on average 5 years and each warrant gives the holder the right to subscribe to one share.

Executive Management has a total of 25,220 warrants at 31 December 2023 with an average exercise price of USD 61. No warrants were issued to the Board of Directors.

	<u>2023</u>	<u>2022</u>
	USD	USD
3. Financial income		
Interest received from group enterprises	27,229	3,008
Other financial income	1,360,309	490,544
	<u>1,387,538</u>	<u>493,552</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	USD	USD
4. Financial expenses		
Interest paid to group enterprises	583,094	557,063
Other financial expenses	597,433	530,795
	<u>1,180,527</u>	<u>1,087,858</u>
	<u>2023</u>	<u>2022</u>
	USD	USD
5. Income tax expense		
Current tax for the year	-5,659,355	-3,800,000
Deferred tax for the year	0	746,964
Adjustment of tax concerning previous years	1,645,260	0
	<u>-4,014,095</u>	<u>-3,053,036</u>
	<u>2023</u>	<u>2022</u>
	USD	USD
6. Profit allocation		
Retained earnings	-36,754,415	-32,772,170
	<u>-36,754,415</u>	<u>-32,772,170</u>

Notes to the Financial Statements

7. Intangible fixed assets

	Acquired other similar rights	Goodwill
	USD	USD
Cost at 1 January	11,707,365	5,006,000
Additions for the year	14,884,864	0
Cost at 31 December	<u>26,592,229</u>	<u>5,006,000</u>
Impairment losses and amortisation at 1 January	2,622,973	2,586,200
Amortisation for the year	4,218,701	1,001,200
Impairment losses and amortisation at 31 December	<u>6,841,674</u>	<u>3,587,400</u>
Carrying amount at 31 December	<u>19,750,555</u>	<u>1,418,600</u>
Amortised over	<u>3-5 years</u>	<u>5 years</u>

8. Property, plant and equipment

	Land and buildings
	USD
Cost at 1 January	1,502,946
Additions for the year	420,520
Cost at 31 December	<u>1,923,466</u>
Impairment losses and depreciation at 1 January	529,355
Depreciation for the year	643,444
Impairment losses and depreciation at 31 December	<u>1,172,799</u>
Carrying amount at 31 December	<u>750,667</u>
Including assets under finance leases amounting to	<u>652,209</u>

Notes to the Financial Statements

	2023	2022
	USD	USD
9. Investments in subsidiaries		
Cost at 1 January	22,104,000	10,000,000
Additions for the year	2,527,051	12,104,000
Cost at 31 December	<u>24,631,051</u>	<u>22,104,000</u>
Value adjustments at 1 January	-3,920,000	0
Revaluations for the year, net	0	-3,920,000
Value adjustments at 31 December	<u>-3,920,000</u>	<u>-3,920,000</u>
Carrying amount at 31 December	<u>20,711,051</u>	<u>18,184,000</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Owner-ship and Votes	Equity	Net profit/loss for the year
ZeroNorth US, Inc.	USA	100%	6,013,800	-20,280
Prosmar Bunkering AS	Norway	100%	8,845,588	9,191,163
BTS Pte. Ltd.	Singapore	100%	1,808,204	1,509,767
ZeroNorth Singapore Pte. Ltd.	Singapore	100%	-225,222	-298,380
ZeroNorth India Pte. Ltd.	India	100%	6,012	0
ZeroNorth Bulgaria EOOD	Bulgaria	100%	-12,424	-18,074
ZeroNorth Greece S.A	Greece	100%	-326,893	-354,518
Clearlynx LLC	USA	100%	1,146,024	67,023

Notes to the Financial Statements

	2023	2022
	USD	USD
10. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	134,839	355,230
Long-term part	134,839	355,230
Within 1 year	535,437	360,597
	670,276	715,827
Other payables		
After 5 years	0	0
Between 1 and 5 years	0	6,317,149
Long-term part	0	6,317,149
Other short-term payables	20,956,705	6,258,396
	20,956,705	12,575,545

11. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The company is included in national joint taxation with Danish companies in the A.P. Møller Holding group. The company is jointly and severally liable for the payment of taxes and withholding tax. The total amount of corporation tax payable is disclosed in the Annual Report of A.P. Møller Holding A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability." som er det samme som vi har i regnskabet.

Notes to the Financial Statements

12. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
A.P. Møller Holding A/S	Majority shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the following group:

<u>Name</u>	<u>Place of registered office</u>
A.P. Møller Holding A/S	Esplanaden 50 Copenhagen Denmark

The Group Annual Report of A.P. Møller Holding A/S may be obtained at the following address:

Esplanaden 50
Copenhagen
Denmark

Notes to the Financial Statements

13. Accounting policies

The Annual Report of ZeroNorth A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2023 are presented in USD.

Changes in accounting policies

ZeroNorth A/S changed from reporting class B to reporting class C (medium-sized) in 2023. The change of reporting class has not affected the result or balance sheet for 2023. Management review and notes have been extended with the further requirements for report class C (medium-sized).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of A.P. Møller Holding A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of A.P. Møller Holding A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Income is recognised in the income statement as earned. All expenses are recognised in the income statement. Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and when the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that the future economic benefits will flow out of the Company and when the measurement of the value of the liability is reliable. On initial recognition, assets and liabilities are recognised at cost. Subsequently, assets and liabilities are measured as described below for each item.

Leases

Lease contracts are capitalised using an incremental borrowing rate and recognised in the balance sheet as right-of-use assets and corresponding lease liabilities. The right-of-use assets are depreciated over the lease term. Lease payments made are split into an interest element presented under financial expenses and amortisation of the lease liability. Lease contracts with a term shorter than 12 months or for which the underlying asset are of low value are not capitalised but expensed straight-line over the lease term.

Translation policies

USD is used as presentation currency and functional currency, as the majority of the Company's transactions are in USD. Transactions in currencies other than the functional currency are translated to the exchange rate on the date of transaction. Monetary items in foreign currency not settled by the balance sheet date are translated to the exchange rate on the balance sheet date. Foreign exchange gains and losses are included in the income statement as financial income and expenses.

Exchange rate USD/DKK 31 December 2023: 6,7447

Exchange rate USD/DKK 31 December 2022: 6,9722

Notes to the Financial Statements

Share-based payments

Equity settled restricted shares and share options allocated to executive employees as part of the company's long-term incentive programmes are recognised as staff costs over the vesting period at estimated fair value at the grant date and a corresponding adjustment in equity.

Cash settled performance awards allocated to employees as part of the company's long-term incentive programmes are recognised as staff costs over the vesting period and a corresponding adjustment in other payables.

At the end of each reporting period, the company revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and service conditions. Any impact of the revision is recognised in the income statement with a corresponding adjustment to equity or other payables.

Income statement

Revenue

Revenue recognition requires an agreement with the client which creates enforceable rights and obligations between the parties, has commercial substance, and identifies payment terms. In addition, it must be probable that the consideration determined in the contract will be collected. Revenue is recognized when the client has obtained control of the license or service and has the ability to use and obtain substantially all the benefits from the license or service. ZeroNorth has therefore assessed that the client obtains control of the license when all the following criteria are met: a binding contract is entered into; the license is delivered; and the client has the right to use it. License revenue is therefore generally recognized at that point-in-time. Revenue is recognised net of VAT and is measured at fair value of the consideration fixed.

Other external expenses

External costs include operating costs, administration etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses, including costs to share based payments.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Grant receivables as compensation for costs already incurred or for immediate financial support, with no future related costs, are recognised as income in the period in which it is receivable.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and financial expenses are recognised in the income statement with the amounts related to the financial year. Financial income and financial expenses include interest receivable and payable and exchange gains and losses on transactions denominated in foreign currencies etc.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax on profit for the year includes the amount expected to be paid or received for the year plus adjustment concerning deferred tax. Through participation in a joint taxation scheme with A.P. Møller Holding A/S, the Danish companies are jointly and severally liable for taxes payable, etc., in Denmark.

Balance sheet

Intangible fixed assets

Acquired other similar rights

Intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets. The amortisation periods used for IT software and customer relations are 3-5 years. Estimated useful lives and residual values are reassessed on a regular basis.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 5 years, determined on the basis of Management's experience with the individual business areas.

Property, plant and equipment

Property, plant and equipment assets are measured at cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation periods used for offices and office equipment are 3-5 years. Estimated useful lives and residual values are reassessed on a regular basis.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured at cost or at a lower fair value.

Receivables

Receivables are measured at amortized cost. Provision is made for bad debts.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Financial liabilities are initially recognised at the proceeds received and considering discounting when the time element is significant. Any premium or discount is amortised over the term of the liabilities.

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$