

ZeroNorth A/S

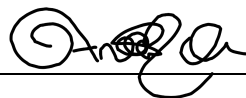
Holmbladsgade 133, 2300 Copenhagen K

Registration No.: 41052236

Annual report for 2020 (1 January – 31 December 2020) (1st Financial year)

The annual report has been presented and approved at the annual
general meeting of the Company

On: 6 April 2021

A handwritten signature in black ink, appearing to read 'Anette Ryde', is written over a horizontal line.

Chairman of the meeting

Anette Ryde

Company information

The Company

ZeroNorth A/S
Holmbladsgade 133,
2300 Copenhagen K
Denmark

Established: 01.01.2020

Registered office: Copenhagen

Executive Management

Søren Christian Meyer

Board of Directors

Christian Michael Ingerslev (Chairman)

Eric Aboussouan

Ibrahim Gokcen

Danny Brian Lange

Robert Mærsk Ugglå

Management's review

ZeroNorth A/S was founded in 2020 with the ambition to make the tramp shipping industry more sustainable through digitalisation. It holds a combination of innovative tech minds, built on a foundation of more than 90 years of shipping heritage. The company helps vessel owners and managers operate their vessels more efficiently to reduce CO2 emissions, supporting the industry's drive towards more sustainable development, and to increase earnings.

ZeroNorth A/S works alongside the customers and strategic partners to develop cutting-edge solutions that are designed to optimise operations, maximise earnings and reduce CO2 emissions for the tramp shipping industry. The company's products are based on the following four design principles:



Follow the dollar

Follow the dollar through actionable data



Current data

Utilise readily available data, with no hardware installation required.



User Experience

Interactive and agile development processes keeping focus on the user experience



Partner knowledge

Working with our partners to provide solutions that solve the real challenges faced in the tramp shipping market.

In September 2020, ZeroNorth A/S and Cargill International SA entered into a strategic partnership agreement, whereby Cargill has invested in ZeroNorth by acquiring 19.5% of the company.

Activities for the year

The result for the year was a loss of USD 4.0m as the Company is in an establishing phase. While there has been a significant number of vessels joining the platform, significant costs have been incurred in strengthening the organisation and products to deliver value to the customers. Consequently, the increase in revenue was phased in toward the end of the year, with a limited impact on the 2020 result.

Events after balance sheet date

No events have occurred after 31 December 2020 which may significantly affect the financial year.

Expectations for 2021

The 2021 result is expected to be slightly lower than 2020 as the company continues to invest in further growth and expects to continue onboarding a large number of customers in the coming year.

.

Statement by the Management on the Annual Report

Today the Board of Directors and the Executive Management presented the Annual Report for the financial year 1 January – 31 December 2020 for ZeroNorth A/S. The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements provide a true and fair view of the Company's financial position at 31 December 2020 and results of the Company's activities in the accounting period 1 January – 31 December 2020.

Furthermore, in our opinion the Management's review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results of the year and of the financial position of the Company.

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

Copenhagen on: 3 March 2021

Executive Management

Søren Christian Meyer

Board of Directors

Christian Michael
Ingerslev (Chairman)

Eric Aboussouan

Ibrahim Gokcen

Danny Brian Lange

Robert Mærsk Ugglå

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 2020, and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Auditor's Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

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

Copenhagen, 3 March 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
MNE-number 30141

Henrik Ødegaard
State Authorised Public Accountant
MNE-number 31489

Amounts in USD '000

<i>Note</i>	Income statement	2020
	Revenue	611
	External costs	(5,016)
	Profit/loss before depreciation and impairment losses	(4,405)
	Amortisation and impairment losses	(705)
	Profit/loss before financial items	(5,110)
	Financial cost	(66)
	Profit/loss before tax	(5,176)
1	Tax on profit/loss for the year	1,139
	Profit/loss for the year	(4,037)

Amounts in USD '000

Note	Balance sheet	2020
	Assets	
2	Intangible assets	5,045
3	Deferred tax asset	634
	Non-current assets	5,679
	Receivables from affiliated and associated companies	200
	Trade receivables, accrued income, etc.	31
	Prepayments	1
	Current tax receivables	505
	Cash and bank balances	8,846
	Current assets	9,583
	Total Assets	15,262
	Liabilities	
	Share capital	90
	Retained earnings	13,081
	Total Equity	13,171
	Payables to affiliated and associated companies	161
	Trade payables & accrued expenses	1,073
	Other payables	857
	Current liabilities	2,091
	Total Liabilities	2,091
	Equity and liabilities	15,262
4	Contingent liabilities	
5	Employees	
6	Accounting Policies	

Amounts in USD '000

Statement of changes in Equity	Share capital	Retained earnings	Total
Paid-in capital at foundation	58	0	58
Capital increase	32	10,468	10,500
Group Contributions	0	6,650	6,650
Result of the year	0	(4,037)	(4,037)
Balance at 31 December	90	13,081	13,171

The share capital of DKK 0.6m. (USD 0.1m.) is divided into 600,000 shares with a nominal value of DKK 1. No shares have special privileges.

Amounts in USD '000

Note

1 Tax on profit for the year	2020
Current tax, joint taxation	505
Deferred tax, adjustment for the year	634
	1,139

2 Intangible assets	Goodwill	Customer relations	IT software	Total
Cost as of 1 January	-	-	-	-
Additions	5,006	303	441	5,750
Cost as of 31 December	5,006	303	441	5,750
Amortisation and impairment losses as of 1 January	-	-	-	-
Amortisation and impairment for the year	584	35	86	705
Amortisation and impairment losses as of 31 December	584	35	86	705
				-
Carrying amount as of 31 December	4,422	268	355	5,045

3 Deferred tax assets

As at December 2020, ZeroNorth AS has accounted for USD 0.6k as deferred tax assets mainly relates to losses carrying forward.

Deferred tax is calculated based on the difference between the carrying amount and the tax base of assets and liabilities. Management expects the deferred tax asset to be utilised by ZeroNorth A/S itself or by the group of jointly taxed companies within a few years.

4 Contingent liabilities

The Company is part of national joint taxation in Denmark with A.P. Møller Holding A/S and is jointly liable with other Danish companies within the Maersk Group for corporate and withholding tax to Denmark.

5 Employees

As of December 2020, the Company occupies a total of 27 employees equivalent to average 13 FTEs for the year.

6 Accounting Policies

The Annual Report for ZeroNorth A/S for the financial year 1 January – 31 December 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act regarding class B companies.

The Annual Report for the financial year 1 January – 31 December 2020 is presented in USD.

6 Accounting Policies – continued

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.

Foreign Currency Translation

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.

On 31 December 2020, the exchange rate was DKK/USD 605.76.

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.

External costs

External costs include costs for staff, operating costs, administration etc.

Net financials

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.

Tax

Tax on profit for the year includes the amount expected to be paid or received for the year plus adjustment concerning deferred tax.

6 Accounting Policies – continued

Balance sheet

Intangible assets

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 goodwill, IT software and customer relations are 3-5 years. Estimated useful lives and residual values are reassessed on a regular basis.

Receivables

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

Contingent liabilities

Financial liabilities include trade payables, payables to affiliated companies and other payables are recognized initially at cost equal to the proceeds received, net of transaction costs incurred. In subsequent periods, the financial liabilities at amortized cost. Other liabilities are measured at net realizable value.

Other payables

Other payables are recognised when the Company accounts for accrued expenses that are not directly attributable to the ordinary course of business, dividends payable as well as salaries related payables.