
ZeroNorth A/S

Amagerfælledvej 106, DK-2300 Copenhagen S

Annual Report for 1 January - 31 December 2022

CVR No 41 05 22 36

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
9 /6 2023

Iben Schultz Jacobsen
Chair of the General
Meeting



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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 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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, 9 June 2023

Executive Board

Søren Christian Meyer

Board of Directors

Christian Michael Ingerslev
Chair

Maria Aagaard Pejter

Danny Brian Lange

Ibrahim Gokcen

Eric Aboussouan

Edward Frederick Llywelyn
Hughes

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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 Financials 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 misstate-

Independent Auditor's Report

ment, 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 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

Independent Auditor's Report

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, 9 June 2023

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
DK-2300 Copenhagen S
Website: www.zeronorth.com

CVR No: 41 05 22 36
Financial period: 1 January - 31 December
Municipality of reg. office: 2300

Board of Directors

Christian Michael Ingerslev, Chair
Maria Aagaard Pejter
Danny Brian Lange
Ibrahim Gokcen
Eric Aboussouan
Edward Frederick Llywelyn Hughes

Executive Board

Søren Christian Meyer

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

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 June 2022, ZeroNorth concluded a Series B investment round, raising over USD 50 million in funds. The Series B saw the entry of a new investor, PSG Equity, alongside further investment from current shareholders A.P. Moller Holding and Cargill. PSG Equity ("PSG") is a leading growth equity firm partnering with software and technology-enabled services companies to help accelerate their growth, meaning that ZeroNorth now has a trio of partners that will support the company's ambitious plans for continued growth. The Series B investment, in combination with the support of PSG Equity, will help to accelerate ZeroNorth's growth over the coming years, enabling it to continue investing in product innovation, expand its customer-facing teams and pursue M&A to add data, products and services to the ZeroNorth platform.

In October 2022, ZeroNorth incorporated an entity and opened an office in Singapore, to further support the needs of its growing customer base in Asia. Singapore, a global shipping and trading hub connected to 600 ports in over 120 countries, offers a central location in the region with a particularly strong focus on technology and sustainability innovation, which made it an obvious choice for ZeroNorth to open a new office. The city is also a top container shipping hub, bunkering port, and maritime technology center, and operates the most technically advanced shipbuilding and ship-repair facilities in Southeast Asia.

In November 2022, ZeroNorth acquired the Norway-based bunker platform company Prosmar Bunkering AS, with the aim to accelerate digitalisation and transparency in the bunker industry and further support the decarbonisation transition within the marine value chain. The move to acquire Prosmar Bunkering directly supports ZeroNorth's ambitious growth strategy within the bunker space, allowing the company to offer more accurate bunker prices. Prosmar Bunkering will operate as an independent, standalone business, with the original management team currently running the company. The company will continue to offer a cross-functional dashboard to simplify and streamline the bunker process, as well as support suppliers, buyers, and brokers with their bunker fuel needs. To support the funding of the acquisition, ZeroNorth obtained a further USD 10 million in investment during October proportionally from its current shareholders.

Going into 2023, ZeroNorth expects to further expand its global footprint, both through organic incorporation in new countries as well as through further M&A, strengthening its position as a global leader in the green transition.

Management's Review

Development in the year

The income statement of the Company for 2022 shows a loss of USD 32,772,170, and at 31 December 2022 the balance sheet of the Company shows equity of USD 39,370,066.

The result for the year was a loss as the Company is in a high growth phase. While there has been a significant number of both logos and vessels joining the platform, significant costs have been incurred in strengthening the organisation and products to deliver value to the customers. One of the biggest investments was in the area of FTE growth and ZeroNorth FTE numbers grew from 47 to 130, and with salary and related costs making up nearly 70% of the company cost base, this had a significant impact. During 2023, hiring will stabilise and ZeroNorth will be on a journey towards profitability.

Capital resources

Management is certain that ZeroNorth remains financially secure through 2023, and should there be any requirement for further capital related to new investments, the current shareholders will provide the same support as shown throughout 2022. ZeroNorth is also in the process of investigating the option of a revolving credit facility with the Danske Bank corporate banking team. Furthermore, management has in May completed a capital increase of USD 5 million through a partnership with a Customer. Due to this, the financial statements have been prepared on a going concern basis.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2022 USD	2021 USD
Revenue		6,781,434	3,102,439
Other operating income		105,000	228,629
Other external expenses		<u>(11,451,262)</u>	<u>(5,368,064)</u>
Gross profit/loss		(4,564,828)	(2,036,996)
Staff expenses	2	(23,104,730)	(7,662,952)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>(7,561,342)</u>	<u>(1,391,986)</u>
Profit/loss before financial income and expenses		(35,230,900)	(11,091,934)
Financial income	3	493,552	68,434
Financial expenses	4	<u>(1,087,858)</u>	<u>(2,000)</u>
Profit/loss before tax		(35,825,206)	(11,025,500)
Tax on profit/loss for the year	5	<u>3,053,036</u>	<u>2,840,851</u>
Net profit/loss for the year		<u>(32,772,170)</u>	<u>(8,184,649)</u>

Distribution of profit/loss

Proposed distribution of profit/loss

Retained earnings		<u>(32,772,170)</u>	<u>(8,184,649)</u>
		<u>(32,772,170)</u>	<u>(8,184,649)</u>

Balance Sheet 31 December

Assets

	Note	2022 USD	2021 USD
Acquired other similar rights		9,084,392	821,067
Goodwill		2,419,800	3,421,000
Intangible assets	6	11,504,192	4,242,067
Land and buildings		973,591	947,020
Property, plant and equipment	7	973,591	947,020
Investments in subsidiaries	8	18,184,000	10,000,000
Fixed asset investments		18,184,000	10,000,000
Fixed assets		30,661,783	15,189,087
Trade receivables		1,653,601	488,094
Receivables from group enterprises		406,708	0
Other receivables		374,192	213,343
Deferred tax asset		0	746,844
Corporation tax receivable from group enterprises		3,800,000	2,369,364
Receivables		6,234,501	3,817,645
Cash at bank and in hand		22,970,309	5,136,861
Currents assets		29,204,810	8,954,506
Assets		59,866,593	24,143,593

Balance Sheet 31 December

Liabilities and equity

	Note	2022 USD	2021 USD
Share capital		134,063	90,000
Retained earnings		39,236,003	4,896,012
Equity		39,370,066	4,986,012
Credit institutions		0	4,034,065
Lease obligations		355,230	528,277
Payables to associates		0	10,962,000
Other payables		6,317,149	0
Long-term debt		6,672,379	15,524,342
Lease obligations		360,597	172,491
Trade payables		1,934,057	2,399,747
Payables to group enterprises		5,271,098	36,000
Other payables		6,258,396	1,025,001
Short-term debt		13,824,148	3,633,239
Debt		20,496,527	19,157,581
Liabilities and equity		59,866,593	24,143,593
Capital resources	1		
Contingent assets, liabilities and other financial obligations	9		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD	USD	USD
Equity at 1 January	90,000	4,896,008	4,986,008
Cash capital increase	51,394	61,012,740	61,064,134
Cash capital reduction	(7,331)	7,331	0
Share-based payments	0	6,092,094	6,092,094
Net profit/loss for the year	0	(32,772,170)	(32,772,170)
Equity at 31 December	134,063	39,236,003	39,370,066

Notes to the Financial Statements

1 Capital resources

Management is certain that ZeroNorth remains financially secure through 2023, and should there be any requirement for further capital related to new investments, the current shareholders will provide the same support as shown throughout 2022. ZeroNorth is also in the process of investigating the option of a revolving credit facility with the Danske Bank corporate banking team. Furthermore, management has in May completed a capital increase of USD 5 million through a partnership with a Customer. Due to this, the financial statements have been prepared on a going concern basis.

	<u>2022</u> USD	<u>2021</u> USD
2 Staff expenses		
Wages and salaries	15,612,769	6,984,952
Pensions	1,281,187	612,000
Other social security expenses	118,680	66,000
Share-based payments	6,092,094	0
	<u>23,104,730</u>	<u>7,662,952</u>
Average number of employees	<u>130</u>	<u>47</u>

An incentive scheme in the form of a warrant program was offered to employees.

3 Financial income

Interest received from group enterprises	3,008	0
Other financial income	490,544	68,434
	<u>493,552</u>	<u>68,434</u>

4 Financial expenses

Interest paid to group enterprises	557,063	0
Other financial expenses	530,795	2,000
	<u>1,087,858</u>	<u>2,000</u>

Notes to the Financial Statements

	2022 <u>USD</u>	2021 <u>USD</u>
5 Tax on profit/loss for the year		
Current tax for the year	(3,800,000)	(2,413,851)
Deferred tax for the year	746,964	(114,000)
Adjustment of tax concerning previous years	<u>0</u>	<u>(313,000)</u>
	<u>(3,053,036)</u>	<u>(2,840,851)</u>
6 Intangible assets		
	<u>Acquired other similar rights</u> USD	<u>Goodwill</u> USD
Cost at 1 January	1,234,300	5,006,000
Additions for the year	<u>10,473,065</u>	<u>0</u>
Cost at 31 December	<u>11,707,365</u>	<u>5,006,000</u>
Impairment losses and amortisation at 1 January	413,000	1,585,000
Amortisation for the year	<u>2,209,973</u>	<u>1,001,200</u>
Impairment losses and amortisation at 31 December	<u>2,622,973</u>	<u>2,586,200</u>
Carrying amount at 31 December	<u>9,084,392</u>	<u>2,419,800</u>
Amortised over	<u>3-5 years</u>	<u>5 years</u>

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings
	USD
Cost at 1 January	1,045,946
Additions for the year	<u>457,000</u>
Cost at 31 December	<u>1,502,946</u>
Impairment losses and depreciation at 1 January	99,000
Impairment losses for the year	<u>430,355</u>
Impairment losses and depreciation at 31 December	<u>529,355</u>
Carrying amount at 31 December	<u>973,591</u>
Including assets under finance leases amounting to	<u>715,827</u>

	2022	2021
	USD	USD
8 Investments in subsidiaries		
Cost at 1 January	10,000,000	10,000,000
Additions for the year	<u>12,104,000</u>	<u>0</u>
Cost at 31 December	<u>22,104,000</u>	<u>10,000,000</u>
Value adjustments at 1 January	0	0
Impairment for the year	<u>(3,920,000)</u>	<u>0</u>
Value adjustments at 31 December	<u>(3,920,000)</u>	<u>0</u>
Carrying amount at 31 December	<u>18,184,000</u>	<u>10,000,000</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
ZeroNorth US, Inc.	USA	10,000,000	100 %	6,034,080	(45,920)
Prosmar Bunkering AS	Norway	2,811	100 %	(332,178)	(337,975)

Notes to the Financial Statements

9 Contingent assets, liabilities and other financial obligations

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of ZeroNorth A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in USD.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

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.

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 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.

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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

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 debts

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.