

ZeroNorth A/S

Amagerfælledvej 106, 2300 Copenhagen S



Registration No.: 41052236

Annual report for 2021
(1 January – 31 December 2021)
(2nd Financial year)

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

On: 11 April 2022

Chairman of the meeting
Iben Schultz Jacobsen



Company information

The Company

ZeroNorth A/S
Amagerfælledvej 106,
2300 Copenhagen S
Denmark

Established: 01.01.2020
Registered office: Copenhagen

Executive Management

Søren Christian Meyer

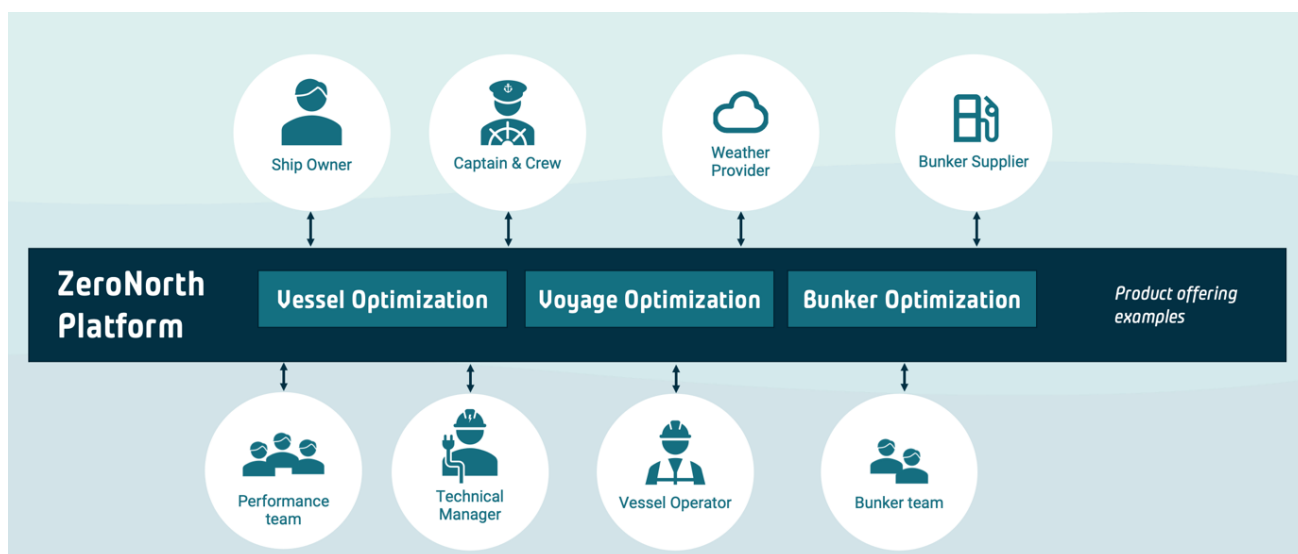
Board of Directors

Christian Michael Ingerslev (Chairman)
Eric Aboussouan
Ibrahim Gokcen
Danny Brian Lange
Robert Mærsk Uggla

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, bring 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 July 2021, ZeroNorth A/S acquired the Copenhagen-based digital vessel performance company Propulsion Dynamics Inc. The acquisition boosted revenue by 15% and gave ownership of 25,000 historical and current vessel fuel consumption models. ZeroNorth plans to activate these models with technology and machine learning, making the organisation a forerunner of vessel performance optimisation, and enabling unrivalled insight on how vessel hydrodynamics can impact fuel consumption directly supporting the industry's decarbonisation trajectory.

In December 2021, ZeroNorth A/S has acquired US-based bunker market platform ClearLynx, the industry's leading online platform for the bunker fuel market. Adding ClearLynx to the ZeroNorth platform will provide ship owners and operators with an integrated and end-to-end solution for the cost and environmentally efficient optimisation of bunker fuel, from initial enquiry through to supply.

Activities for the year

The result for the year was a loss of USD 8.2m (2020: 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.



Capital resources

One of the Company's owners has issued a letter of support which states that it will support the company financially and secure the Company's going concern for at least a year after the balance sheet date. Furthermore, management expects that a capital increase will be completed in 2022. Due to this, the financial statements have been prepared on a going concern basis.

Events after balance sheet date

No events have occurred after 31 December 2021 which may significantly affect the financial 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 2021 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 2021 and results of the Company's activities in the accounting period 1 January – 31 December 2021.

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: 1 March 2022

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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' 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 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, 1 March 2022

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

Note	Income statement 1 January – 31 December	2021	2020
	Revenue	3,102	611
	Other income	229	-
	Operating costs	(5,368)	(2,673)
3	Staff costs	(7,663)	(2,343)
	Profit/loss before depreciation, amortisation and impairment losses	(9,700)	(4,405)
	Depreciation, amortisation and impairment losses	(1,392)	(705)
	Profit/loss before financial items	(11,092)	(5,110)
	Financial income	68	3
	Financial expenses	(2)	(69)
	Profit/loss before tax	(11,026)	(5,176)
2	Tax on profit/loss for the year	2,841	1,139
	Profit/loss for the year	(8,185)	(4,037)
	Proposal for distribution of the profit for the year		
	Retained earnings	(8,185)	(4,037)
	Total distribution	(8,185)	(4,037)



Amounts in USD '000

<i>Note</i>	Balance sheet 31 December	2021	2020
	Assets		
4	Intangible assets	4,242	5,045
5	Property, plant and equipment	283	-
6	Right-of-use assets	664	-
7	Investments in subsidiaries	10,000	-
8	Deferred tax asset	748	634
	Non-current assets	15,937	5,679
	Receivables from affiliated companies	77	200
	Trade receivables, accrued income, etc.	412	31
	Loans and other receivables	158	-
	Prepayments	55	1
	Current tax receivables	2,369	505
	Cash and bank balances	5,137	8,846
	Current assets	8,208	9,583
	Total Assets	24,145	15,262



Amounts in USD '000

<i>Note</i>	Balance sheet 31 December	2021	2020
	Liabilities		
	Share capital	90	90
	Retained earnings	4,896	13,081
	Total Equity	4,986	13,171
9	Borrowings, affiliated companies	10,962	-
9	Borrowings	4,034	-
	Lease liabilities	528	-
	Non-current liabilities	15,524	-
	Lease liabilities	174	-
	Payables to affiliated companies	36	161
	Trade payables	2,399	1,073
	Other payables, etc.	1,026	857
	Current liabilities	3,635	2,091
	Total Liabilities	19,159	2,091
	Equity and liabilities	24,145	15,262
10	Contingent liabilities		
11	Accounting Policies		



Amounts in USD '000

Statement of changes in Equity	Share capital	Retained earnings	Total
Paid-in capital at establishment	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 2020	90	13,081	13,171
Result of the year	0	(8,185)	(8,185)
Balance at 31 December 2021	90	4,896	4,986

The share capital of DKK 0.6m. (USD 0.1m.) is divided into 600 shares with a nominal value of DKK 1.000 No shares have special privileges.

Amounts in USD '000

Note 1 Capital resources

One of the Company's owners has issued a letter of support which states that it will support the company financially and secure the Company's going concern for at least a year after the balance sheet date.

Furthermore, management expects that a capital increase will be completed in 2022. Due to this, the financial statements have been prepared on a going concern basis.

Note 2 Tax on profit for the year

Current tax, joint taxation

Deferred tax, adjustment for the year

Prior year adjustments

Total

	2021	2020
	2,414	505
	114	634
	313	-
	2,841	1,139

Note 3 Staff costs

Salaries

Pension

Other employee benefits, etc.

Total

	2021	2020
	(6,985)	(2,189)
	(612)	(160)
	(66)	6
	(7,663)	(2,343)

As of December 2021, the Company occupies a total of 47 employees (2020: 27 employees) equivalent to average 31 FTEs (2020: 13 FTEs) for the year.

Note 4 Intangible assets

Cost as of 1 January 2021

Additions

Cost as of 31 December 2021

Amortisation and impairment losses as of 1 January

Amortisation and impairment for the year

Amortisation and impairment losses as of 31 December 2021
Carrying amount as of 31 December

	Goodwill	Customer relations	IT software	Total
	5,006	303	441	5,750
	-	-	490	490
	5,006	303	931	6,240
	584	35	86	705
	1,001	61	231	1,293
	1,585	96	317	1,998
	3,421	207	614	4,242



Amounts in USD '000

Note	5	Property, plant and equipment	Leasehold im- provements	Total
		Cost as of 1 January 2021	-	-
		Additions	309	309
		Cost as of 31 December 2021	309	309
		Depreciation	26	26
		Depreciation and impairment losses as of 31 December 2021	26	26
		Carrying amount as of 31 December	283	283

Note	6	Right of use assets	Land & buildings	Total
		Cost as of 1 January 2021	-	-
		Additions	737	737
		Cost as of 31 December 2021	737	737
		Depreciation	73	73
		Depreciation and impairment losses as of 31 December 2021	73	73
		Carrying amount as of 31 December 2021	664	664

Note	7	Investments in subsidiaries	2021	2020
		Cost as of January 1	-	-
		Additions during the year	10,000	-
		Cost as of December 31	10,000	-
		Impairments as of December 31	-	-
		Carrying amount as of December 31	10,000	-

Name	Invested Capital	Ownership interest
ZeroNorth US, Inc. (USA)	10,000	100%

8 Deferred tax assets

As at December 2021, ZeroNorth AS has accounted for USD 0.7 million (USD 0.6 million) 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.

9 Borrowings, non-current

Borrowings non-current mainly comprises of USD 15 million to be repaid in a single instalment by the 30th November 2024.

10 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.

11 Accounting Policies

The Annual Report for ZeroNorth A/S for the financial year 1 January – 31 December 2021 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 2021 is presented in USD. The accounting policies remain unchanged compared to last year.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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 2021, the exchange rate was DKK/USD 6,566 (2020: DKK/USD 605.76).

11 Accounting Policies – continued

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 income

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.

External costs

External costs include operating costs, administration etc.

Staff costs

Staff costs comprise wages and salaries as well as payroll services.

Financial income and expense

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. 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

11 Accounting Policies – continued

depreciation periods used for offices and office equipment are 3-5 years. Estimated useful lives and residual values are reassessed on a regular basis.

Right-of-use assets

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.

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.

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.

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.