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# *Navi Merchants A/S*

Klubiensvej 22, DK-2150 Nordhavn

## Annual Report for 2023

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CVR No. 42 18 69 37

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 24/5 2024

Bjørn Norholdt  
Eckford-Olsen  
Chairman of the  
General Meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	4
Financial Highlights	5
Management's Review	6
<b>Financial Statements</b>	
Income Statement 1 January - 31 December	15
Balance sheet 31 December	16
Statement of changes in equity	18
Notes to the Financial Statements	19

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Navi Merchants 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.

Nordhavn, 7 May 2024

## Executive Board

Simon Christensen  
CEO

Morten Peder Jensen  
Executive Officer

## Board of Directors

Torben Herman Christensen  
Chairman

Simon Christensen

Gustav Jakobsen

Bjørn Norholdt Eckford-Olsen

# Independent Auditor's report

To the shareholders of Navi Merchants 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 Navi Merchants 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, 7 May 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Oliver Svane

State Authorised Public Accountant

mne49837

## Company information

<b>The Company</b>	Navi Merchants A/S Klubiensvej 22 DK-2150 Nordhavn  CVR No: 42 18 69 37 Financial period: 1 January - 31 December Incorporated: 4 March 2021 Financial year: 3rd financial year Municipality of reg. office: Copenhagen
<b>Board of Directors</b>	Torben Herman Christensen, chairman Simon Christensen Gustav Jakobsen Bjørn Norholdt Eckford-Olsen
<b>Executive Board</b>	Simon Christensen Morten Peder Jensen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

# Financial Highlights

Seen over a 3-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021
	TEUR	TEUR	TEUR
<b>Key figures</b>			
<b>Profit/loss</b>			
Revenue	152,170	173,113	
Gross profit	3,437	9,833	936
Profit/loss of primary operations	1,664	7,625	524
Profit/loss of financial income and expenses	2,306	4,309	183
Net profit/loss for the year	3,673	10,279	597
<b>Balance sheet</b>			
Balance sheet total	35,004	26,017	9,977
Equity	13,284	11,575	1,270
Number of employees	12	9	8
<b>Ratios</b>			
Gross margin	2.3%	5.7%	
Profit margin	1.1%	4.4%	
Return on assets	4.8%	29.3%	5.3%
Solvency ratio	37.9%	44.5%	12.7%
Return on equity	29.6%	160.0%	94.0%

The figures for 2021 relate to the period 4.3.2021 - 31.12.2021.

# Management's review

## Activities and development in the year

The income statement of the Navi Merchants Group for 2023 shows a profit of EUR 3.7 million. As per 31st December 2023 the balance sheet of the Navi Merchants Group shows an equity of EUR 13.3 million.

The financial result for the year is satisfactory considering the market situation of the shipping industry in 2023.

## *Business model*

Navi Merchants Group of companies (hereinafter “Navi Merchants”) is a privately family-owned group of companies, which operates within shipping and related activities.

NAVI MERCHANTS follows a common set of values.

- ❖ We are always in it for the long run
- ❖ We stay curious and passionate – and always ready to give that little extra
- ❖ Growing together is our mantra
- ❖ Challenges are opportunities in disguise
- ❖ Flat structure may not be the academic advise – yet we love it
- ❖ Integrity and trust are the drivers for our behavior
- ❖ Have fun

Trust is fundamental to our business. We prioritize integrity and ethical conduct in all our operations and partnerships, striving to build long-term, mutually beneficial relationships with our stakeholders.

## *Shipping*

Navi Merchants provides turnkey freight solutions within the dry bulk segment predominantly based on biomass and agricultural cargos.

In the dry bulk freight segment, markets in 2023 were challenging with declining rates compared to historical highs experienced in 2022, though towards the end of the year freight rates started recovering.

Despite lower freight rates and general challenges faced by the freight industry Navi Merchants continued its growth strategy, which led to the acquisition of first owned tonnage (NM Copenhagen). Moreover, Navi Merchants entered an agreement for the delivery of six new coasters with MDL in Mumbai. In addition, Navi Merchants has taken a 50% ownership stake in two more coaster vessels to be delivered in 2025 and signed TC agreements on multiple newbuild coaster vessels, as a further confirmation of the growth strategy with a focus on more modern and sustainable vessels.

The number of vessels on order is expected to further increase during the next 24 months.

By end of 2023, Navi Merchants had 12 coasters, 7 mini bulkers and 2 Handysize vessels on time charter and one owned coaster, along with other multiple-trip vessels to perform cargo commitments. This resulted in the movement of more than 6 million tons of cargo in 2023 under Navi Merchants' management.

The joint venture around Handysize and Ultramax vessels continued in Norse Maritime after the merger of Norse Maritime and Lignum Maritime and more deliveries will follow in 2024.



# Management's review

## *Market overview*

There is a well-established consensus that climate change from global warming is also linked to the emission of greenhouse gasses from fossil fuels. Navi Merchants is seeking to optimise energy consumption and reduce use of fossil fuels. The installation of battery pack supporting a modern propulsion engine that runs on flexible low sulphur fuel on Navi Merchants new buildings will contribute to securing energy efficiency and thus minimizing emission of greenhouse gas.

Navi Merchants' market position is considered strong and growing in expanding markets, which implies that Navi Merchants' business prospect is deemed sound and has further potential to increase its activity and profitability based on being able to optimize operations and find arbitration opportunities across size segments and regions.

## **The past year and follow-up on development expectations from last year**

In 2023, the Company delivered a result of ordinary operation which is in line with the expectations stated in the 2022 annual report.

## **Special risks – Foreign exchange risks**

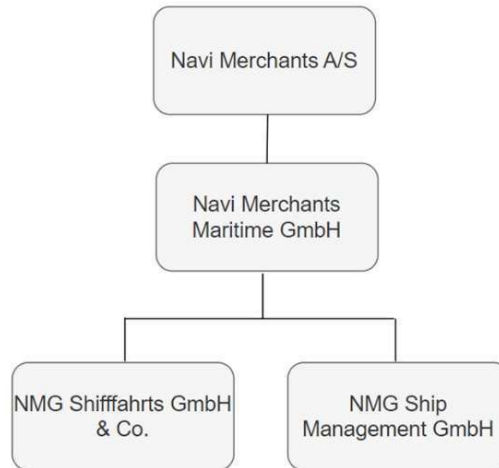
A proportion of the Company's revenue and purchases are made in other currencies than EUR. The hedging is primarily through forward foreign exchange contracts to hedge expected revenue and purchases. There are no speculative currency arrangements.

## **Targets and expectations for the year ahead**

Considering the geo-political environment with significant impact on several business areas, there is great uncertainty attached to the forecast for 2024. Management expects overall growth in business volume and a satisfactory result after tax in the range of EUR 2-6 million.

# Management's review

## *Navi Merchants A/S structure*



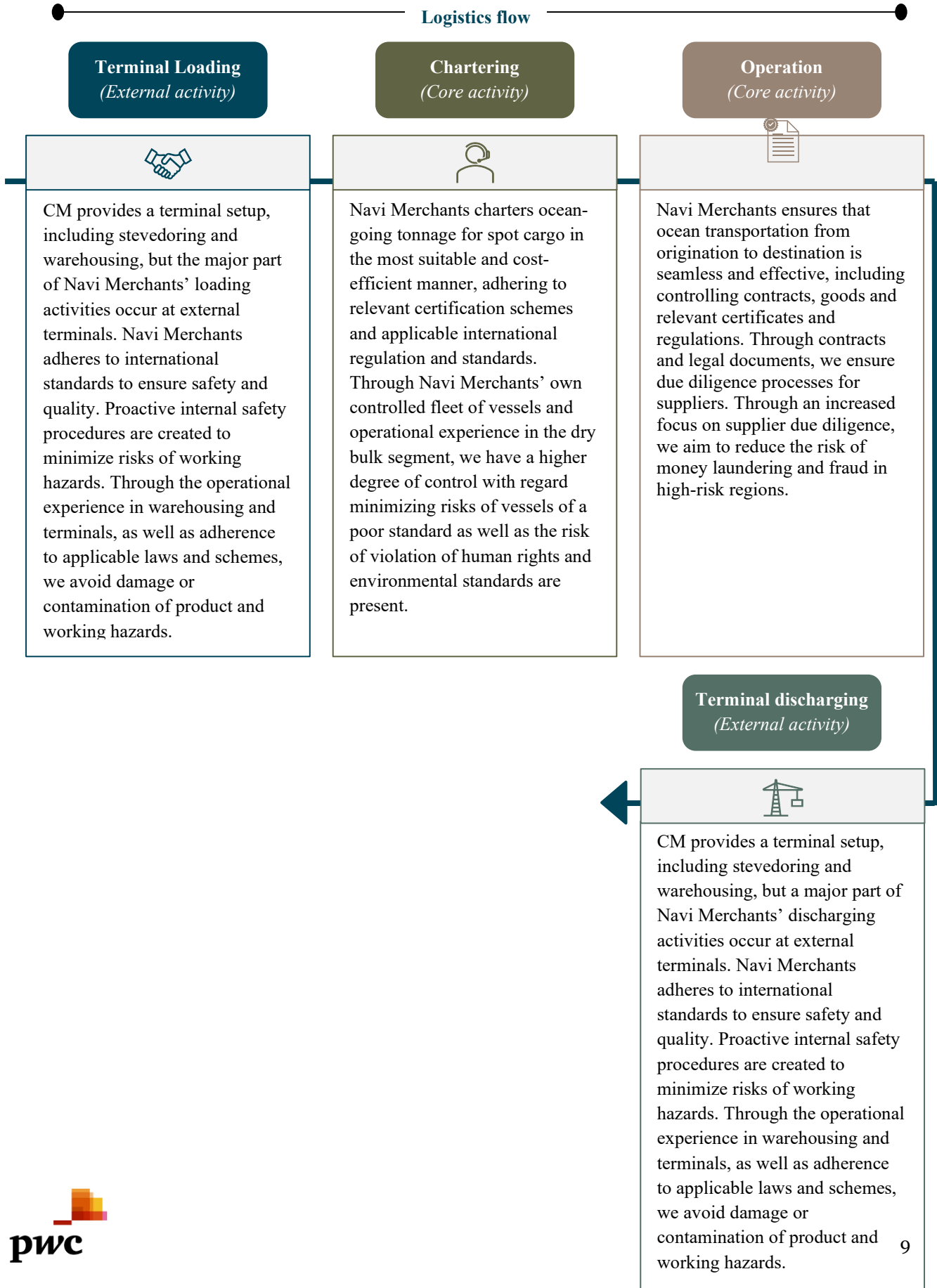
## **Statement of corporate social responsibility**

Navi Merchants approaches CSR by identifying the Group activities which directly or indirectly impact society and the environment throughout the value chain. Shipping Services consists of multiple activities, including shipping and chartering; however, the main focus will be chartering, as this is the core activity within Shipping Services.

As a charterer and owner, Navi Merchants generally has some direct CSR impact throughout the value chain. However, we recognize that doing business within these industries may entail externalities related to CSR, which can negatively impact other parts of the value chain over which we have no direct control. Thus, we always aim to follow applicable regulations and recognised standards on good business conduct to mitigate negative impact. The links in the value chain of the relevant business areas and the related CSR concerns of each value chain link are illustrated below.

# Management's review

## Shipping



Penneo dokumentnøgle: 7PTDJ-AGK7C-4XZYC-UOUE1-Z62NS-TP45P

# Management's review

## Policies, activities, and results

### *Sustainable Development Goals*

Navi Merchants has committed itself to work with the UN's Sustainable Development Goals (hereinafter "SDGs"), enabling dedicated work with sustainability, delivering environmental, social, and commercial value. Navi Merchants influences the 17 SDGs directly and indirectly; however, we have significant ability to provide solutions to the challenges within SDG #7 Affordable and clean energy and SDG #12 Responsible consumption and production, as these are core areas in Navi Merchants' business strategy. We are focusing on the following five targets related to the two SDGs.

- ❖ 7.3 Improve the global rate of energy efficiency.
- ❖ 12.2 Achieve the sustainable management and efficient use of natural resources.
- ❖ 12.5 Reduce waste generation through prevention, reduction, recycling, and reuse.
- ❖ 12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

### *Environment & Climate*

Navi Merchants' policy on the environment is to incorporate sustainability, and efficient use of raw materials and fuels in everyday business decisions, e.g., in relation to the choice of business partners, agreements with suppliers and identification of opportunities.

When moving dry bulk cargo, Navi Merchants adheres to international standards and regulations on maritime pollution by following the International Maritime Organization's ("IMO") conventions on marine pollution and the International Convention for the Prevention of Pollution from Ships ("MARPOL"). To prevent contamination, combustion and capsizing of vessels, Navi Merchants ensures that shiploads meet legal requirements, that the cargo is described correctly, and that the vessels' loads will not affect the following shiploads. We use internal and external specialists for inspection to meet the described focus areas. Navi Merchants had no such incidents in 2023.

In Navi Merchants we recognize that shipping operation has impact on the environment and recognise the importance of biodiversity conservation, hence we are committed to the use of sustainable raw materials. We urge our partners and employees to build and operate vessels in accordance with environmental and economically solutions.

In the design and construction of the new buildings Navi Merchants has special focus on environmental and social impact of the construction and eventual operation of the vessels. We have Code of Conduct that the shipyard must adhere to while building the ships, to mention a few - no child labour; anti-corruption; fair compensation of employees in accordance with national laws; equal opportunities for employees; consider sustainability when procuring power for the construction of our ships and high safety/health standards for their employees, amongst others. The propulsion of the newbuilding's' will be based on modern and energy efficient engines that run on low sulphur bunker (diesel fuel and bio-oils). We decided not to build vessels that run on future fuels like methanol, hydrogen etc. as (1) the supply of these fuels is very uncertain, (2) our vessels do not run in a fixed route and most often call smaller coaster ports, and (3) installation of a secondary fuel will have large negative effect of cargo capacity as they are often loaded up to max deadweight, i.e space is more limited

## Management's review

on small vessels than larger vessels. The vessels will be equipped with battery pack, solar panels and potentially other features to reduce energy consumption based on fossil fuels.

### *Human Rights*

Good business conduct at Navi Merchants has always been part of the DNA; however, the increasing expansion of the business has called upon the establishment of a Code of Conduct to ensure common reference across the organisation, which put forward a set of values and guidelines based on business-economic, environmental, and social responsibilities, in which employees and representatives are expected to behave.

Navi Merchants adheres to international regulations to ensure humane working conditions and maritime safety. Navi Merchants follows IMO's conventions and protocols on marine safety, including other relevant international conventions and regulations; Safety of Life at Sea ("*SOLAS*") and ITF Seafarers' regulations. In 2023 no violations were identified.

Navi Merchants respects human, social and professional rights as listed in the UN's Guiding Principles on Business and Human Rights (UNGPs), and do not violate them. The right for privacy is a priority at Navi Merchants and we seek to comply with all aspects of the EU General Data Protection Regulation ("*GDPR*"). As a result, in 2023 and the years before, no human rights violations were identified. In the upcoming years, Navi Merchants will remain committed to complying with global regulations and augmenting our compliance protocols to safeguard human rights.

### *Corruption & bribery*

Navi Merchants operates under corporate values and principles of best business practices and in accordance with trade rules and procedures subscribed by the EU and UN. A null tolerance policy regarding corruption and bribery is communicated clearly to employees as they are instructed in their work.

Navi Merchants has due diligence processes in place to ensure accountability from suppliers. During the due diligence process, Navi Merchants collects necessary documents, e.g., chain of custody contracts, company procedures and legal documents on a potential supplier. The Company interviews responsible key personnel and performs applicable risk analyses and assessments.

Before signing any contracts or making business transactions, Navi Merchants conducts risk assessments of new suppliers, clients, and business partners. For such assessments, Navi Merchants uses relevant industry contacts, including P&I Club and Bimco.

Based on risk assessments, selected suppliers are audited internally or with assistance from external consultants or auditors. Anti-corruption procedures and evaluation of internal mitigation measures are a part of Navi Merchants' annual sustainability audits. We expect the highest integrity standards in all business interactions; thus, contractual provisions against corruption and bribery are stipulated for risky areas.

Navi Merchants adheres to anti-corruption practices to eliminate corruption. We follow relevant certification schemes to conduct due diligence measures to mitigate the risks of corruption and money laundering – present in some parts of the industry. Moreover, we invest in long-term business relations to create a trusted network of carriers.

## Management's review

There were no reports of corruption in 2023. However, as Navi Merchants' operations continue to expand geographically, the need to avoid corruption and mitigate financial risks will increase. Consequently, Navi Merchants, as the year before has added further resources for internal controlling and added compliance resources for the Shipping operations. Going forward, Navi Merchants will continue to enhance and add additional measures according to industry standards, including further development of due diligence and KYC (Know Your Counterparty) processes.

### *Social Impact & Employee Welfare*

Navi Merchants' policy is to provide good working conditions and fair terms to all employees. As most of Navi Merchants' employees are white-collar, the risk of accidents is considered very low. To continuously improve employee satisfaction and safeguard personal development, Navi Merchants maintains a flat organisational structure with open communication and a high level of trust between employees and leaders. This includes proactive identification of possible stress and measures to ensure a healthy work/life balance. Moreover, a new health check initiative was introduced to identify possible health risk. To further provide opportunities for our employees and to develop their professional and personal competencies, a Coaching Community was introduced. We continuously work on new initiatives to keep our employees engaged whilst experiencing career growth possibilities.

The aim of the Code of Conduct is to encourage an open dialogue on all issues related to Navi Merchants' business methods, compliance with Navi Merchants' policies or issues that are considered illegal. A Group Whistle blower scheme is set to ensure that all employees within the group have a forum to speak out about reprehensible practices. Since the introduction in 2022, no incidents have been recorded so far.

Navi Merchants continues to have a relatively low staff turnover in 2023 at 10.8%, somewhat higher than 2022 with 7%<sup>1</sup>. This is a positive indicator of a good place to work. Several social initiatives have taken place throughout 2023 to sustain a good work environment and keep engagement levels high while complying with local safety requirements. Navi Merchants has focused on nurturing and developing trust between employees and business partners to decrease the psychological distance and bureaucracy while increasing performance and engagement.

Navi Merchants has for years supported students with cases for their theses, student employment and internships. In 2023, Navi Merchants had an average of 3.5 student assistants compared to 2 in 2022.

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<sup>1</sup> Employee turnover is calculated as  $\frac{\text{number of leavers}}{\frac{\text{beginning} + \text{ending number of employees}}{2}} * 100$  based on company

# Management's review

## Data Ethics

Right to privacy is essential to retain integrity at Navi Merchants. We put effort into ensuring that our data on employees and customers is secured and protected from misuse. Our policies include specific instructions on processing personal data in accordance with GDPR and provide information on data rights and ethics, such as how we process personal data, how it is stored, the right to information on stored data and its deletion.

Although the nature of our business does not involve the treatment of personal data through artificial intelligence, machine learning or other forms of algorithms, we continuously assess our digital development with respect to data ethics. Navi Merchants does not buy or process GDPR-relevant data from third parties and does not personalise products or services. We conduct internal assessments annually on data processing and ensure continuous awareness of data ethics where relevant through workshops.

## Statement on gender composition

The Board of Directors aim to follow the recommendations of the Danish Business Authority with respect to the underrepresented gender. The target of Navi Merchants is to have at least 25% women on the board of directors by 2028.

It has not been possible to find and contract female candidates with the relevant profile, despite dedicated efforts. Efforts to meet the target will continue, although having the right competencies remain the first priority irrespective of the gender.

Navi Merchants does not account for the proportion of the underrepresented gender in the Company's other management levels since the Company has employed fewer than 50 employees in the financial year.

	2023
<b>Board Members</b>	
Total number of members	4
Under-represented gender in percentage	0
Target number in percentage	25
Year to meet the gender target	2028
<b>Management</b>	
Total number of management	2
Under-represented gender in percentage	0

# Management's review

## Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Unusual events

Russian invasion in Ukraine continued to impact the markets where Navi Merchants does business. Large volatility in regional volume availability and pricing presented significant challenges and opportunities. Maritime security and water level challenges in Suez and Panama canals respectively had significant effects on the shipping industry.

## Subsequent events

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



## Income statement 1 January - 31 December

	Note	2023	2022
		EUR	EUR
Revenue	1	152,170,417	173,113,468
Direct expenses		-145,370,373	-159,036,857
Other external expenses		-3,363,385	-4,244,024
<b>Gross profit</b>		<b>3,436,659</b>	<b>9,832,587</b>
Staff expenses	2	-1,696,365	-2,130,166
Amortisation and impairment losses of intangible assets		-76,792	-76,950
<b>Profit/loss before financial income and expenses</b>		<b>1,663,502</b>	<b>7,625,471</b>
Income from investments in subsidiaries		-115,495	0
Income from investments in associates		1,076,115	4,425,024
Income from investments in participating interests		1,695,396	0
Financial income	3	238,177	43,123
Financial expenses	4	-588,466	-159,243
<b>Profit/loss before tax</b>		<b>3,969,229</b>	<b>11,934,375</b>
Tax on profit/loss for the year	5	-296,719	-1,655,278
<b>Net profit/loss for the year</b>	6	<b>3,672,510</b>	<b>10,279,097</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		EUR	EUR
Goodwill		218,324	295,116
<b>Intangible assets</b>	7	<b>218,324</b>	<b>295,116</b>
Investments in subsidiaries	8	4,433,505	0
Investments in associates	9	103,314	5,644,655
Investments in participating interests	10	5,265,063	0
Deposits	11	0	9,065
<b>Fixed asset investments</b>		<b>9,801,882</b>	<b>5,653,720</b>
<b>Fixed assets</b>		<b>10,020,206</b>	<b>5,948,836</b>
Finished goods and goods for resale		3,207,834	2,187,084
<b>Inventories</b>		<b>3,207,834</b>	<b>2,187,084</b>
Trade receivables		15,525,650	7,857,694
Receivables from group enterprises		5,640	665,005
Other receivables		21,370	1,213,546
Deferred tax asset	12	558,702	834,934
Corporation tax receivable from group enterprises		50,424	0
Prepayments	13	3,610,127	3,551,120
<b>Receivables</b>		<b>19,771,913</b>	<b>14,122,299</b>
<b>Cash at bank and in hand</b>		<b>2,004,088</b>	<b>3,759,150</b>
<b>Current assets</b>		<b>24,983,835</b>	<b>20,068,533</b>
<b>Assets</b>		<b>35,004,041</b>	<b>26,017,369</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		EUR	EUR
Share capital		672,395	672,395
Reserve for net revaluation under the equity method		4,127,715	4,665,709
Reserve for hedging transactions		-251,413	0
Retained earnings		8,735,732	4,686,728
Proposed dividend for the year		0	1,550,000
<b>Equity</b>		<b>13,284,429</b>	<b>11,574,832</b>
Other provisions	14	2,175,000	3,686,000
<b>Provisions</b>		<b>2,175,000</b>	<b>3,686,000</b>
Prepayments received from customers		3,678,977	898,831
Trade payables		2,426,631	5,354,941
Payables to group enterprises		9,627,784	20,651
Corporation tax		0	2,499,486
Other payables	15	3,811,220	1,982,628
<b>Short-term debt</b>		<b>19,544,612</b>	<b>10,756,537</b>
<b>Debt</b>		<b>19,544,612</b>	<b>10,756,537</b>
<b>Liabilities and equity</b>		<b>35,004,041</b>	<b>26,017,369</b>
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Fee to auditors appointed at the general meeting	18		
Subsequent events	19		
Accounting Policies	20		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	672,395	4,665,709	0	4,686,728	1,550,000	11,574,832
Ordinary dividend paid	0	0	0	0	-1,550,000	-1,550,000
Dissolution of previous years' revaluation	0	-582,377	0	582,377	0	0
Exchange adjustments relating to foreign entities	0	-161,500	0	0	0	-161,500
Dividend from group enterprises	0	-1,208,919	0	1,208,919	0	0
Fair value adjustment of hedging instruments, end of year	0	0	-322,324	0	0	-322,324
Tax on adjustment of hedging instruments for the year	0	0	70,911	0	0	70,911
Net profit/loss for the year	0	1,414,802	0	2,257,708	0	3,672,510
<b>Equity at 31 December</b>	<b>672,395</b>	<b>4,127,715</b>	<b>-251,413</b>	<b>8,735,732</b>	<b>0</b>	<b>13,284,429</b>

# Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	68,677,545	86,681,255
Revenue, outside Denmark	83,492,872	86,432,213
	<u>152,170,417</u>	<u>173,113,468</u>

The Company is not considered to have different business segments.

	<u>2023</u>	<u>2022</u>
	EUR	EUR
<b>2. Staff Expenses</b>		
Wages and salaries	1,460,323	2,012,313
Pensions	219,968	105,434
Other social security expenses	11,847	11,250
Other staff expenses	4,227	1,169
	<u>1,696,365</u>	<u>2,130,166</u>

Including remuneration to the Executive Board and Board of Directors:

Executive board	259,026	
Board of directors	53,684	
	<u>312,710</u>	

<b>Including remuneration to the Executive Board and Board of Directors</b>		<u>114,819</u>
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<b>Average number of employees</b>	<u>12</u>	<u>9</u>
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With reference to section 98 B(3) of the Danish Financial Statements Act, the remuneration to the Executive Board and the Board of Directors in 2022 is disclosed as a whole, as a separate presentation will entail information on remuneration for a single member.

## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>3. Financial income</b>		
Interest received from associates	0	21,168
Other financial income	238,177	21,955
	<u>238,177</u>	<u>43,123</u>
	2023	2022
	EUR	EUR
<b>4. Financial expenses</b>		
Interest paid to group enterprises	150,125	129,012
Other financial expenses	33,128	22,793
Exchange adjustments, expenses	405,213	7,438
	<u>588,466</u>	<u>159,243</u>
	2023	2022
	EUR	EUR
<b>5. Income tax expense</b>		
Current tax for the year	-50,424	2,499,486
Deferred tax for the year	276,232	-844,208
	<u>225,808</u>	<u>1,655,278</u>
thus distributed:		
Income tax expense	296,719	1,655,278
Tax on equity movements	-70,911	0
	<u>225,808</u>	<u>1,655,278</u>
	2023	2022
	EUR	EUR
<b>6. Profit allocation</b>		
Proposed dividend for the year	0	1,550,000
Reserve for net revaluation under the equity method	1,414,802	4,425,024
Retained earnings	2,257,708	4,304,073
	<u>3,672,510</u>	<u>10,279,097</u>

# Notes to the Financial Statements

## 7. Intangible fixed assets

	Goodwill
	EUR
Cost at 1 January	384,896
Cost at 31 December	384,896
Impairment losses and amortisation at 1 January	89,780
Amortisation for the year	76,792
Impairment losses and amortisation at 31 December	166,572
<b>Carrying amount at 31 December</b>	<b>218,324</b>
Amortised over	5 years

## 8. Investments in subsidiaries

	2023	2022
	EUR	EUR
Cost at 1 January	0	0
Additions for the year	4,549,000	0
Cost at 31 December	4,549,000	0
Net profit/loss for the year	-115,495	0
Value adjustments at 31 December	-115,495	0
<b>Carrying amount at 31 December</b>	<b>4,433,505</b>	<b>0</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Navi Merchants Maritime GmbH	Germany	TEUR 2,815	100%

## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>9. Investments in associates</b>		
Cost at 1 January	978,946	572,855
Additions for the year	268,413	406,091
Disposals for the year	-122,192	0
Transfers for the year	-856,754	0
Cost at 31 December	<u>268,413</u>	<u>978,946</u>
Value adjustments at 1 January	4,665,709	214,664
Disposals for the year	-582,377	0
Exchange adjustment	0	26,021
Net profit/loss for the year	-165,099	4,425,024
Transfers for the year	-4,083,332	0
Value adjustments at 31 December	<u>-165,099</u>	<u>4,665,709</u>
<b>Carrying amount at 31 December</b>	<u><b>103,314</b></u>	<u><b>5,644,655</b></u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
CM Navigator A/S	Copenhagen	TDKK 1,000	20%



## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>10. Investments in participating interests</b>		
Cost at 1 January	0	0
Transfers for the year	856,754	0
Cost at 31 December	<u>856,754</u>	<u>0</u>
Exchange adjustment	-161,500	0
Net profit/loss for the year	1,695,396	0
Dividend to the Parent Company	-1,208,919	0
Transfers for the year	4,083,332	0
Value adjustments at 31 December	<u>4,408,309</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>5,265,063</u></b>	<b><u>0</u></b>

Investments in participating interests are specified as follows:

Name	Place of registered office	Share capital	Ownership
Norse Maritime A/S	Copenhagen	TDKK 1,100	13%

## 11. Other fixed asset investments

	Deposits
	EUR
Cost at 1 January	9,065
Disposals for the year	<u>-9,065</u>
Cost at 31 December	<u>0</u>
<b>Carrying amount at 31 December</b>	<b><u>0</u></b>

## Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>12. Deferred tax asset</b>		
Deferred tax asset at 1 January	834,934	-9,274
Amounts recognised in the income statement for the year	-276,232	844,208
<b>Deferred tax asset at 31 December</b>	<b>558,702</b>	<b>834,934</b>

The recognised tax asset primarily comprises timing differences relating provisions. In the years ahead, the Company or the group of jointly taxed enterprises expect to realise the recognised deferred tax asset; on that basis, the asset has been recognised at 31 December 2023.

### 13. Prepayments

Prepayments consist of prepaid expenses concerning insurance premiums, subscriptions, freight and time charter vessels.

	2023	2022
	EUR	EUR
<b>14. Other provisions</b>		
Onerous contracts	2,175,000	3,686,000
	<b>2,175,000</b>	<b>3,686,000</b>

Other provisions consist of onerous freight contracts that are ongoing at the balance sheet date. All contracts will be completed in 2024.

	2023	2022
	EUR	EUR
<b>15. Derivative financial instruments</b>		
Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Liabilities	322,324	0

Forward exchange contracts have been concluded to hedge future cost of goods sold. At the balance sheet date, the fair value of the forward exchange contracts amounts to EUR -322.324.

	Value adjustment, equity	Fair value at 31. December
	EUR	EUR
Bunker	-126,745	-126,745
Forward Freight Agreement	-195,579	-195,579

# Notes to the Financial Statements

	2023	2022
	EUR	EUR
<b>16. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	27,577,994	25,660,484
Between 1 and 5 years	117,213	10,619,199
	<u>27,695,207</u>	<u>36,279,683</u>

The total future rental and lease payments primarily consist of rent and Time Charter agreements.

## Other contingent liabilities

The Danish 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 CM Holding A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

## 17. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
CM Holding A/S Klubiensvej 22 2150 Nordhavn, Denmark	Parent Company

## 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 Parent Company of the largest group:

<u>Name</u>	<u>Place of registered office</u>
CM Holding A/S	Klubiensvej 22, 2150 Nordhavn

# Notes to the Financial Statements

## 18. Fee to auditors appointed at the general meeting

In accordance with section 96(3) of the Danish Financial Statements Act, fees paid the auditors appointed at the annual general meeting has been omitted as it is included in the consolidated financial statements in CM Holding A/S.

## 19. Subsequent events

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

# Notes to the Financial Statements

## 20. Accounting policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in EUR.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of CM 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 CM Holding A/S, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

# Notes to the Financial Statements

## Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

## Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## Segment information on revenue

Information on geographical segments is based on the Company's risks and returns and its internal financial reporting system.

## Income statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Direct expenses

Direct expenses primarily include operating expenses for the year.

### Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

# Notes to the Financial Statements

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Amortisation, depreciation and impairment losses

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

## Income from investments in subsidiaries, associates and participating interests

The items "Income from investments in subsidiaries", "Income from investments in associates" and "Income from investments in participating interests" in the income statement include the proportionate share of the profit for the year.

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the Group's other Danish companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Balance sheet

### Intangible fixed assets

#### *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.

### Impairment of fixed assets

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

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

### Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are recognised and measured under the equity method.

The items "Investments in subsidiaries", "Investments in associates" and "Investments in participating interests" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

# Notes to the Financial Statements

The total net revaluation of investments in subsidiaries, associates and participating interests is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries, the associates and the participating interests.

Subsidiaries, associates and participating interests with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### 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, including the tax base of tax loss carry-forwards, 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.



# Notes to the Financial Statements

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 liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

## 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	$\text{Net profit for the year} \times 100 / \text{Average equity}$