Bunker Holding Group

ANNUAL REPORT '19/20

The Annual Report was presented and adopted at the Company's Annual General Meeting on 25 June 2020.

Chairman of the meeting
Peter Appel

Financial year 1 May 2019 – 30 April 2020
Strandvejen 5, DK-5500 Middelfart,
company reg. no. 75 26 63 16

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QUALITY MARKET PORT PRODUCT AVAILABILITY

FUELLING SIMPLICITY

CREDIT INSIGHT RISK STRATEGY

Which niche ports have the fuel you require? What is the ideal bunkering strategy on a given route? Can you trust the local supplier to deliver the right product – on time? Who has local expertise? How do you get the ideal financing?

Procuring bunkers is becoming an ever more complicated and critical part of operating a vessel. With Bunker Holding, ship-owners work with a trusted partner who makes the entire process simple and seamless. This is why you need Bunker Holding.

Bunker One – Bunker Holding's independent physical supplier – is a market leader in several regions, with 60 vessels serving niche ports around the world.

Four decades ago, our founder and owner helped invent the modern bunkering industry. Bunker trading has always been our passion, our heritage, and our core activity.

Oil prices can peak and plunge. Global Risk Management mitigates this uncertainty and potential volatility by offering fixed prices through customised hedging solutions.

UNWAVERING FOCUS

We know every nut and bolt of the business of trading marine fuels, because this is the one and only thing we do. We believe that only by concentrating all of our energy, experience and insight on this one business area can we serve the marine industry perfectly.

MARKET LEADER

39 YEARS WITHOUT A LOSS

This year's result is not only notable for its record-setting numbers, but also for continuing a perfect streak of profitable years. Ever since the foundations for Bunker Holding were laid in 1981, we have never recorded an annual loss. Our focus is on profits, not volume, and we have always been averse to risk and volatility.

89,818 INQUIRIES

On average, the Group received an inquiry every six minutes, around the clock, every day of the year.

EXPERT LOCAL KNOWLEDGE

1,721 PORTS

Wherever their business may take them, clients know that a local expert is always at hand with detailed insights into suppliers, port logistics, and local availability and pricing. Each of our 66 offices around the globe reflects the country in which it operates. With more than 50 nationalities, and a multitude of different cultural backgrounds, Bunker Holding's global diversity is one of our greatest strengths

66 OFFICES

33 COUNTRIES

We are the world's leading bunker trading company, serving over 1,700 major and niche ports from Svalbard to Singapore. We are present in 33 countries and operate in 156, with over 1,500 employees around the world.

1500+ EMPLOYEES

HUMAN CAPITAL

One secret to our success is our ability to attract the best employees from all over the globe, while also developing our own talent. We have worked hard to build upon our investment in human capital over the past several years, and our human-resources department is executing an ambitious strategy to create an organisation that is both stronger and nimbler than ever before.

FOUNDED IN 1981

Our founder continues to set the course. Bunker Holding is one of the few leading bunkering companies that are privately owned, and the family is determined that it will remain so for generations to come.

ROCK SOLID

We operate from a rock-solid financial position with a high solvency ratio and strong creditworthiness. This strength, combined with the stability afforded by our family ownership, is a significant competitive advantage for Bunker Holding, especially when the industry faces challenging conditions.


"BUNKER HOLDING PURSUES SUSTAINABLE GROWTH, ALWAYS MAINTAINING A HEALTHY BALANCE BETWEEN RISK AND REWARD."
Keld R. Demant
Group CEO, Bunker Holding

LETTER FROM THE CEO

OUR BEST RESULT EVER

Bunker Holding is announcing its best annual result ever. We take much pride in this result and the effort that has produced it. At the same time, we remain humble, not least in view of the challenges the pandemic presents our industry and us.

With this year's record-setting result, we consolidate our position as the world's leading bunkering company, now significantly bigger than number two with regards to both volume and profitability.

This is all due to relentless strategical execution and abilities that we have built up over the past many years. This has enabled us to turn challenges into opportunities and pursue sustainable growth in a way that few other companies in our industry can match.

WHY WE WERE SUCCESSFUL

We look ahead
We are able to anticipate the needs of the market well into the future. Much of the growth in this year's annual result comes directly from the shipping industry's 2020 transition to low-sulphur fuel. This is no coincidence. Years ago, we realised the new emissions regulations would be the biggest disruption in the bunkering industry since the transition from coal to oil. And then we prepared for it, earlier and more thoroughly than any other bunkering company.

We pick the right solutions
We are very good at developing and maintaining the best solutions for all our stakeholders. Not only in terms of technologies and strategies, but especially our ability to attract the best employees from all over the globe, while also developing our own talent. In the end, this company is not powered by bunkers, but by people.

We turn knowledge into action
We know how to turn acquired knowledge into executable strategies and solutions. For example, in the lead-up to the transition to low-sulphur bunkers, we collected information from markets around the globe. Armed with this data our traders have real-time knowledge of availability and pricing in each port. For stakeholders navigating in uncharted waters as they approached 2020, these timely insights created exceptional value for the entire value chain.

We are willing to just say no
Bunker Holding pursues sustainable growth, always maintaining a healthy balance between risk and reward. We are never tempted to enter into trades we are not comfortable with, but always willing to say no. One reason for our excellent 2019/20 result

was our ability to pick the right trades and decline others. Likewise, over the years, we have refrained from basing our growth on the large flow-ports, prestigious as they may be, because level-headed analysis showed that it did not match our business model.

We remain agile and fleet footed
Even as we have become the biggest bunker company in the industry, Bunker Holding remains agile and fleet footed. 66 offices in 33 countries are managed through a global cohesive team effort, with clear division of responsibilities and a strong sense of ownership throughout the organisation. By avoiding bureaucracy and red tape, we are able to quickly change course when new opportunities arise.

We accept our leadership role
As the industry leader, we are ready to lead. Committed to our entire value chain, Bunker Holding steps forward when the occasion demands it. We were the primary driver in helping the shipping industry prepare for the 2020 transition to low-sulphur bunkers. We are also actively taking part in initiatives that will help define the long-term future of our industry, not least with one of our senior directors has just been appointed chairman of the industry's most important forum, the International Bunker Industry Association.

We look to a sustainable future
As the world's leading bunker company, we will actively help drive the development of sustainable solutions to the global challenges ahead. In the past year, we became a launch partner of an initiative to develop ships and marine fuels with zero carbon emissions.

We perform even better in headwinds
As the COVID-19 pandemic sweeps across the world and disrupts every industry, Bunker Holding cannot avoid being affected. However, we face these headwinds standing firmly on rock-solid foundations, both financial, technological and human. We have the strength to stay the course when others are forced to heave to the wind. In the past, challenging conditions for the industry have been a competitive advantage for us, and I believe they will be so now.

Our expectations for 2020/21
Without the pandemic, we would confidently predict continued growth. Indeed, the first two months of the crisis delivered strong results. But like every other company in our industry, in the present environment we cannot offer detailed guidance for the coming year.

We foresee a turbulent year ahead, with significant volatility. Our superior financial strength, and the stability afforded by our family ownership, will together with our highly trained employees and our market expertise, guide us safely through these trying times.

For 2020/21, we are looking at a result that will be fair, but not quite as good as this year.

"WE WANT TO PRO-ACTIVELY WORK TO FIND WAYS TO REDUCE THE ENVIRONMENTAL FOOTPRINT THAT WE LEAVE BEHIND FOR THE FUTURE GENERATIONS."

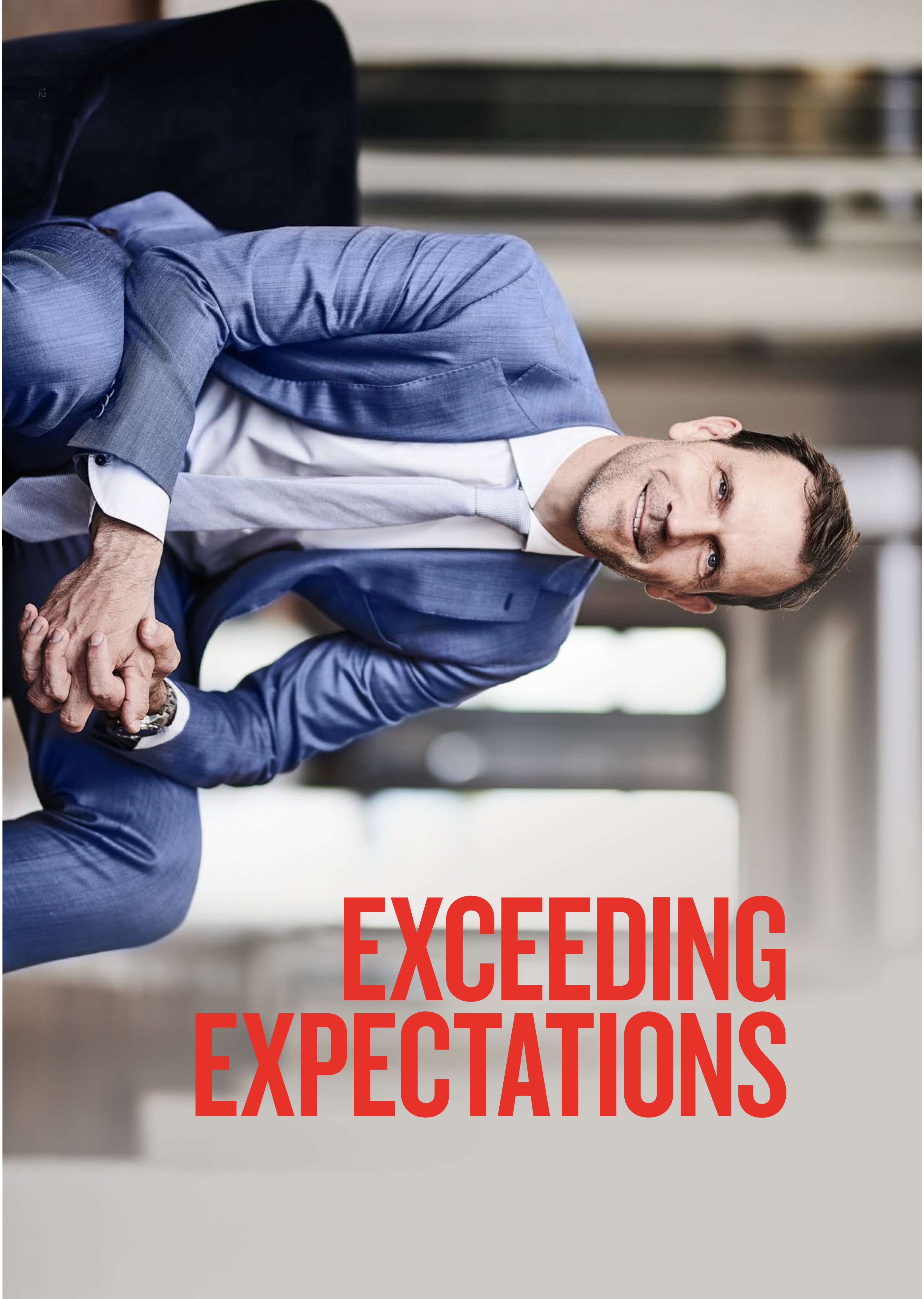
Keld R. Demant
Group CEO, Bunker Holding

WE HELP DRIVE GREEN INNOVATION

As the world's leading bunkering company, Bunker Holding accepts its obligation to help drive innovation and provide sustainable solutions to environmental impact of the shipping industry. This past year alone has seen us become partners in two ambitious and visionary projects.

The Getting to Zero Coalition
We are a launch partner of an initiative to develop ships and marine fuels with zero carbon emissions. Supported by World Economic Forum, the Getting to Zero Coalition brings together decision-makers from across the shipping value chain and is committed to getting commercially viable deep sea zero emission vessels powered by zero emission fuels into operation by 2030. This moon shot will require both developing the vessels as well as the future fuel supply chain, and as the world's leading bunker company, we are a natural partner in this endeavour.

Decarbonizing Shipping
Bunker Holding is also a Program Partner in a global project to identify the most impactful start-ups in the quest to create a CO2 neutral industry. Founded by Rainmaking, a global cooperative of entrepreneurs running start-ups and innovation programs in more than 40 countries, the Decarbonizing Shipping project aims to identify the 3000+ must impactful tech start-ups globally, and to deliver 100+ scalable pilots and ventures by 2022 to enable a CO_2 neutral industry.



EXCEEDING EXPECTATIONS

Bunker Holding reports the best result ever, exceeding the Group's own expectations and positioning it as the market leader. The result is due to a well-executed strategy and a strong financial capacity with exceptional high creditworthiness.

Volume
Volume growth regardless of COVID-19

Despite the COVID-19 pandemic disrupting the latter part of its financial year, Bunker Holding recorded an increase in volume. Among customers and suppliers, Bunker Holding was seen as a safe harbour that could offer credit to customers and be creditworthy towards suppliers. This has resulted in a volume increase for the year and places Bunker Holding in a number one position among the global top-tier leaders in the bunkering industry.

Revenues
2020 transition to low sulphur bunkers affected product mix and revenue

Revenue grew to USD 10,946 million. The increase in revenue was driven by volume growth and a changed product mix towards more expensive products. The change in product mix was a result of new international environmental regulations driving an increase in demand for higher priced low-sulphur fuel products to reduce sulphur emissions in the shipping industry. The growth in volume and price was partly offset by a decrease of 19% in average oil price compared to previous year.

Gross profit
Improved margins as low-sulphur fuel was introduced

Harvesting a perfectly executed strategy and supported by the most committed and capable employees in the industry, Bunker Holding recorded increased margins per tonne sold of marine fuel across all business areas. This resulted in a 46% increase of gross profit to USD 439.5 million. The growth was positively impacted by the opportunities that arose during the transition phase to low-sulphur fuel that duly has been prepared in Bunker Holding over the past two years.

External expenses
Healthy activity level pushed costs up

With all the wheels spinning fast and a strong result, The Group naturally also saw an increase in external expenses driven by expansion of its workforce of talented employees to support over increased global footprint.

Earnings
Earnings before tax was our best result ever

Earnings before tax doubled to USD 155.2 million from USD 77.3 million in the previous year. This exceeded Bunker Holding's own expectations – not least regarding the market it operates in. The Group can only view this as being very satisfactory.

Current assets
Ultra-liquid balance sheet

The sharp drop in oil prices during the last months of the financial year inherently led to a decrease of current assets and current liabilities. Bunker Holding reported 92% of its balance sheet as current assets. Thereby it remained ultra-liquid and resulted in a current ratio at 1.46.

Borrowings and free cash flow
Highly cash generating financial performance

Net borrowings were at USD 235.6 million. This was significantly below the Group's net working capital. It was also achieved in a year that, once again, saw an ambitious expansion of Bunker One Physical. Operating activities generated a positive cash flow of USD 104 million mainly driven by profit from operations.

Equity
Maintained strong equity base

As a result of its high financial performance, Bunker Holding delivered a return on equity of 37% and recorded an equity base of USD 357 million – the highest equity ever measured in its history. Bunker Holding is rock-solid, and creditworthiness towards its stakeholders remains a top priority.

KEY FIGURES AND FINANCIAL RATIOS

EARNINGS BEFORE TAX

155

USD MILLION

GROSS PROFIT

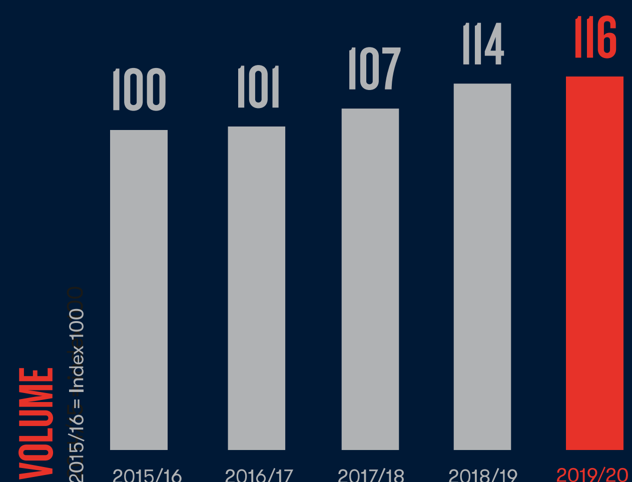
440

USD MILLION

EQUITY

357

USD MILLION



FINANCIAL HIGHLIGHTS

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

USD'000	**2019/20**	**2018/19**	2017/18	2016/17	2015/16
Income statement					
Revenue	10,946,049	10,644,302	8,152,520	6,459,080	5,645,263
Gross profit	439,532	301,814	221,526	206,937	219,010
Earnings before interest and tax (EBIT)	184,936	98,863	50,264	40,699	65,289
Earnings before tax (EBT)	155,153	77,299	40,161	34,648	59,157
Earnings after tax (EAT)	126,177	60,797	30,612	27,299	46,920
Balance Sheet					
Non-current assets	100,928	69,770	69,873	54,971	49,749
Current assets	1,206,490	1,486,679	1,214,409	991,816	707,103
Total assets	1,307,418	1,556,449	1,282,282	1,046,787	756,852
Total equity	357,039	318,050	253,757	252,953	268,516
Cash Flow Statement					
Cash flows from operating activities	104,325	-56,498	125,827	-109,012	39,646
Cash flows from investing activities	-8,477	-8,401	-11,956	-6,850	-23,377
Cash flows from financing activities	-175,731	133,512	-31,635	124,483	-24,650
Change in cash and cash equivalents	-79,883	68,613	82,236	8,621	-8,381
Financial ratios					
Gross margin	4,0%	2.8%	2.7%	3.2%	3.9%
Return on equity	37,4%	21.3%	12.1%	10.5%	16.6%
Current ratio	1.46	1.33	1.19	1.26	1.47
Solvency ratio	27,3%	20.4%	19.8%	24.2%	35.5%
Annual full-time employees	1,508	1,157	893	857	838

The ratios have been prepared in accordance with the definitions set out in note 16 to the Financial Statements.


“BUNKERING
IS OUR HERITAGE
AND OUR PASSION”

HELPING SHAPE THE FUTURE OF BUNKERING

Henrik Zederkof – one of Bunker Holding's most experienced directors – has been appointed chairman of the International Bunker Industry Association. By accepting this and other important global roles, the Group is demonstrating leadership as it takes an active part in forging the future of its industry.

A stronger voice for the bunkering industry; more transparency in major ports; and helping reduce greenhouse gas emissions. These are the ambitions and visions of the International Bunker Industry Association, and it has now appointed a senior director from Bunker Holding as its new chairman to help turn these into reality.

IBIA is the industry's premier forum, and the venue that addresses the issues and concerns of the bunker industry. The appointment of Henrik Zederkof as the association's new chairman comes at a time when the Group is assuming an increasingly prominent role in helping shape the future of bunkering – not only through IBIA, but also in other important roles in industry forums and initiatives.

"I believe that everyone will benefit from us taking an even more active part in shaping the future of our industry by using our expertise to set the course," says Keld R. Demant, CEO of Bunker Holding.

The new chairman is particularly focused on helping IBIA turn these three visions into reality:

1. Transforming IBIA into a truly international association
"We will achieve this by setting up and empowering five regional boards with a local mandate to act and manage the interests of IBIA and its members locally. This way, IBIA can better understand and provide guidance on regional matters and be a stronger voice for the Bunker Industry," Henrik Zederkof explains.

2. Making bunker supply more transparent
IBIA will push for the introduction of bunker licence schemes and mandatory mass flow meters in more ports. The association hopes to unite the ten most important bunkering areas worldwide under a similar scheme.

3. Reducing greenhouse gas emissions
IBIA will start working with partners in and around the bunkering industry to reduce greenhouse gas emissions by at least 50 percent by 2050.

"The 2020 sulphur limitations will not be the last restriction aimed at reducing the environmental impact of sea transport. Rather than just wait for tougher regulations, we want to proactively work to find ways to reduce the environmental footprint we are leaving behind for the future generations," says Zederkof.

STEERING CLIENTS SAFELY INTO 2020

Bunker Holding has been widely recognised for our role as expert and advisor during the transition to low-sulphur fuels. Our planning and preparation for the 2020 introduction of the new sulphur limits was industry-leading, and it gained us new clients and increased our market share. It also strengthened our brand and positioned the company as a solution provider and trusted partner.

In July of 2019, just six months before the maritime industry would come face to face with the biggest change in fuel since the transition from coal to oil, an independent energy expert went on US television and delivered his succinct advice: "There is a brick wall coming at the end of December. You can either run into it head-first and say: 'that hurts,' or you can find a way around it."

As it turned out, some ship-owners managed to find their way perfectly. They consistently steered their vessels to the ports with the best availability; always knew where to find the most competitive pricing; and were never in doubt about which fuels they could safely use. Often, there was a simple explanation for these smart moves: They took supply and advice from Bunker Holding.

Beginning a full two years before the new sulphur limits came into effect, Bunker Holding actively advised the maritime industry on how best to plan for 2020, and how to mitigate the negative effects of the inevitable disruption. Attendees at international conferences came to know Carlos G. Torres not so much by his official title as Global Head of Physical at Bunker Holding, but more as our 2020 expert.

When the industry finally arrived at the dreaded brick wall – which in reality was several months before the official date, as shipping lines began entering 2020 contracts in October –Bunker Holding clients proved ready to face the new challenges.

"We were pleased to see that even as they approached their very first decisions under the new regulations, our clients were asking us all the right questions," says Torres.

The clients, in turn, were pleased to discover that Bunker Holding had all the answers. Every bunker trader seemed to be schooled in the details of the new 2020 regulations. As indeed they were: They had all participated in an ambitious internal training programme with highly technical sessions covering everything from the inner workings of scrubbers to the DNA of fuel blends. This programme was unique in the industry and insured an unmatched level of preparedness throughout Bunker Holding.

Clients were also served by the considerable time and resources Bunker Holding had invested in collecting information from all markets around the globe. Armed with this data, the Group then built an online dashboard where traders could track availability and other crucial information like blend specifications in each port in real time.

"WE ARE INCREASINGLY RECOGNIZED FOR OUR EXPERTISE AND OUR ROLE AS A BUSINESS PARTNER."

Carlos G. Torres
Global Head of Physical

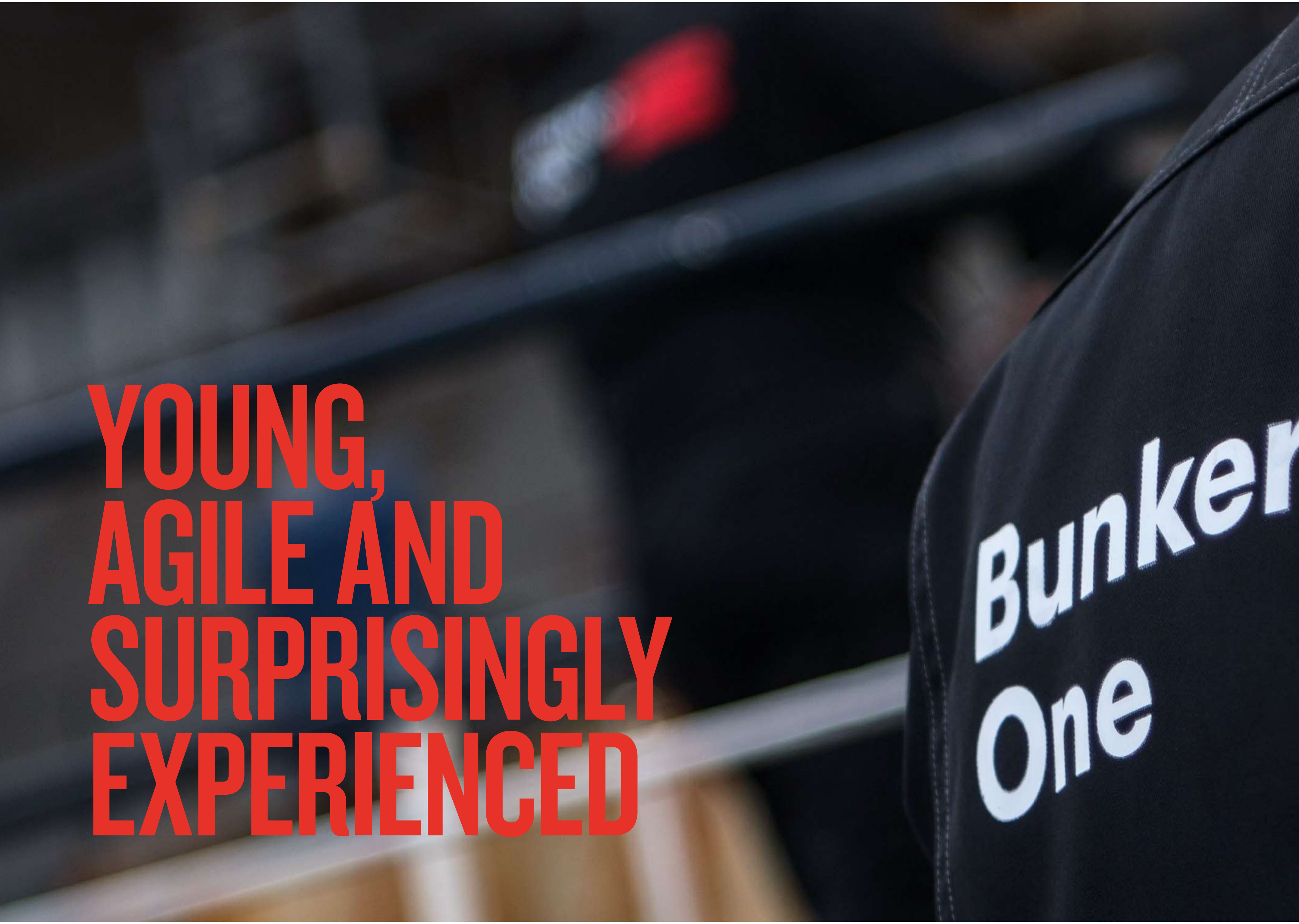
This planning and know-how reflected one of Bunker Holding's basic insights as it approached 2020, namely that no longer will one solution fit all ships in a fleet. Individual strategies must be developed for different routes and different geographical regions. Another insight was that post-2020, ship-owners will realize they need more than just a bunker supplier, but also a service and solution provider. Similarly, bunker traders must be prepared to take on a new role as a trusted advisor.

"I liked to tell attendants at maritime conferences that just as they were used to pay heed to KYC – Know Your Client – now they must also remember KYS: Know Your Supplier," says Torres.

Today, Bunker Holding can see how 2020 has helped forge new relationships with our clients.

"We are increasingly recognized for our expertise and our role as a business partner," notes Torres. "Our 2020 know-how has strengthened our brand, raised our profile, and positioned us as a solution provider or trusted partner."

YOUNG, AGILE AND SURPRISINGLY EXPERIENCED



In just two years, Bunker One has made a name for itself as a successful, respected and independent physical supplier. The fledgling company has quickly become a market leader in several locations and a significant contributor to this year's result. Even so, Bunker One retains its entrepreneurial spirit and appetite for growth.

To the casual observer, Bunker One is a conundrum. Respected, trusted, and experienced. But also young, nimble, and innovative. You can aim for being one or the other, but few would find it possible to be both. Yet that is exactly what Bunker One has achieved.

On the one hand, this successful, independent physical supplier is a member of the world's leading bunkering group with rock-solid financials and a long-term commitment from its founding family. A market leader in several strategic locations, Bunker One contributes significantly to Bunker Holding's annual result.

On the other hand, this is a young, ambitious start-up. Founded a little more than two years ago, Bunker One is an agile, fleet-footed company that can speedily seize new opportunities and process major decisions.

"When we launched Bunker One in February 2018, we were determined to transform and simplify the bunkering process and make it simpler, easier, safer and swifter for ships to refuel. From the outset, we combined an entrepreneurial and agile mentality with insight and experience, and hand-picked experts around the globe," says Peter Zachariassen, Global Director, Bunker One.

Bunker One's entry into operations in the US Gulf Offshore and Caribbean market is one of two events that demonstrate this unbeatable combination of experience and agility.

At first, the company patiently bided its time until it had assembled the perfect team. Then it added four vessels for the new operations in a matter of a few months. In total, Bunker One was fully operational in the new market within six months and is today firmly positioned as the market leader here.

The other event is the new 2020 emissions regime. When the first transactions under the new regulations began in October 2019, this fledgling start-up proved to be one of the best prepared. As its analysis of the effects of the transformation in each region proved almost uniformly spot-on, Bunker One was able to be first mover and turn one of the greatest ever disruptions to the bunkering industry into an attractive business opportunity. At the same time, the company's brand and market position were immensely improved by the respect it garnered by sharing insight and advice with clients and the shipping industry.

All of two years old, Bunker One has become a global company, delivers excellent results, and enjoys industry-wide respect. But while its fundamentals all look very grown-up, the company is determined to retain both its entrepreneurial mindset and agility, and its appetite for growth.

One example of this is its asset light strategy. Keeping its financial commitments few and short, Bunker One is able to combine substantial size with freedom and flexibility. Even though it deploys around 60 vessels, including large tankers, Bunker One is not tied down by long-term contracts, but is able to exit any of these leases in a matter of months. While the company does pay a premium for this ability, the resulting agility more than makes up for it: Bunker One is able to exit a market in short time and react promptly to new opportunities elsewhere.

As the industry looks forward to an unpredictable and challenging year, clients are increasingly seeking safe havens, a status Bunker One has already achieved. Indeed, the company is presently consolidating its position to ensure its customers security of supply.

"We are continuing our journey of expansion," says Peter Zachariassen. "The current downtrend does not dampen our entrepreneurial spirit, but only whets our appetite for more tonnage and new markets. And challenging market conditions only make our value proposition even more relevant for customers. We wish to ensure our customers' easy access to high quality supply, and this is as an opportunity to flex our muscles and demonstrate our long-term focus on our customers."

"CHALLENGING MARKET CONDITIONS ONLY MAKE OUR VALUE PROPOSITION EVEN MORE RELEVANT FOR CUSTOMERS."

Peter Zachariassen
Global Director, Bunker One

MANAGING HEADWINDS

The pandemic has caused a historic economic crisis that will affect all industries and companies. Low oil prices also have an impact. But Bunker Holding was built to withstand strong storms and is positioned better than most to ride out this one.

Headwinds rarely come stronger than this. Early 2020 turned into a perfect storm with both the pandemic and enormous volatility in oil prices affecting everyone, including the bunkering industry.

Had it not been for COVID-19, Bunker Holding would have predicted continued growth for the coming financial year. Instead, the Group now looks to a result that will be fair, but not quite as good as this year. In the present environment, such an outlook counts as optimism. One reason for this level of confidence is that the company is built to withstand strong headwinds and stay the course in challenging conditions.

For example, when the COVID-19 pandemic began disrupting business transactions around the globe, shipping companies were pleasantly surprised to discover that one bunkering company was still able to provide them with the insightful, round-the-clock service they were accustomed to in normal times. Even when sheltering at home, every Bunker Holding trader could still access real-time bunkering prices in every global market. The industry-leading reach and agility of this bespoke trading platform enabled traders to continue with business better than most.

"Of course, no one was predicting the pandemic when we drew up plans for the new IT system years ago," says Keld R. Demant, CEO of Bunker Holding. "We were simply ensuring that Bunker Holding stands on rock-solid technological, financial and human foundations."

Many would assume that a bunkering company is particularly hard hit especially by plummeting oil prices prompted by oversupply from Russia and Saudi Arabia and exacerbated by the pandemic.

Yet Bunker Holding sees little risk from either volatility or low prices. One reason is that Bunker Holding trades back-to-back. Physical supplies are always hedged. Another reason: low bunkering prices ease the financial burden on the shipping industry, lowering the counterparty risk.

This is not to say that the sharp drop in oil prices does not affect the company. The transition to the new low-sulphur regulations in 2020 created an advantageous market situation with high demand and limited supply that has attributed to this year's record result. At the beginning of the year, this positive environment seemed poised to continue for some time yet, but the pandemic put an end to that. Bunker Holding is also impacted by lower margins in real dollar terms.

“But just as earlier crises have done, the pandemic also plays to Bunker Holding’s strengths. We are recognised as a strong and reliable partner, and clients seek a safe haven in such a volatile and uncertain environment,” notes Keld R. Demant.

Bunker Holding’s position as a safe haven is borne out of its impressive historical record. In 39 years of trading bunkers, including some with extraordinary circumstances like the Gulf War or global financial crises, the Group has never recorded a loss on its books.

Key to that achievement is a persevering focus on risk management. Years ago, this also prompted Bunker Holding to establish its own specialised company, Global Risk Management, which today is a globally recognised expert serving numerous companies outside the Group. As price volatility roils the shipping industry, GRM provides value to clients with its counselling and risk management, as well as the opportunity to lock in current low prices.

“A final advantage for Bunker Holding is that our service is relevant regardless of oil price level: Clients still need to fuel their fleets and receive insight and advice on ports, strategies and availability,” states Keld R. Demant.

“BUNKER HOLDING’S POSITION AS A SAFE HAVEN IS BORNE OUT OF ITS IMPRESSIVE HISTORICAL RECORD. IN 39 YEARS, THE GROUP HAS NEVER RECORDED A LOSS ON ITS BOOKS.”

“STAYING THE COURSE FOR
GENERATIONS TO COME”

"MY VISION FOR THE COMPANY IS THAT, COME WHAT MAY, WE WILL EVOLVE AND CONTINUE TO BE AN IMPORTANT PART OF THE VALUE CHAIN IN THE SHIPPING INDUSTRY."

Nina Østergaard Borris
COO, USTC

A LIFETIME OF EXPERIENCE

As Bunker Holding's founder and owner slowly hands over the reins to the next generation, Nina Østergaard Borris has been named COO of USTC, the global group of companies that includes Bunker Holding. This affirms that the company will continue to be guided by knowledgeable, visionary owners.

Employees at Bunker Holding enjoy telling clients and stakeholders how the owner himself started out trading bunkers, personally sourcing the fuels and talking to the ship-owners. It is a founding narrative that is unique amongst the world's leading bunkering companies: Bunker Holding is one of the few that remains under the private ownership of its founder.

Yet impressive as this may be, Torben Østergaard-Nielsen's story is in some ways outshone by two future owners in the industry. He may have lived and breathed bunkers his entire professional life, but his two daughters have been familiar with bunkers since they were born.

Nina Østergaard Borris, the eldest, has now stepped up the next rung by becoming COO of United Shipping & Trading Company, a global group of companies that includes Bunker Holding and employs around 2,500 people. As second-in-command, she will work closely with her father as they continue their carefully laid plans for the ascension of the next generation. At the same time, she and her sister will each receive ownership of 1/3 of the family business (see box).

"I was born around the same time the foundation for Bunker Holding was being laid. My father was a young managing director of a small shipping company, and he had just realised that there must be a market for an independent bunker trading company, which was a relatively unknown concept until then," she says.

Nina greeted the first employees of the fledgling bunkering operation while still a toddler. When she was ready for preschool, she had a firm grasp of what 'bunkering' means, something that most people manage to live an entire lifetime in blissful ignorance of. This was around the same time that the company expanded from just serving local waters and opened its first international office in Piraeus, Greece.

"As I grew older, I joined my father on business trips to new international locations, as well as on ship visits to inspect operations close-up," she recalls.

Later, as the company was becoming established as a leading player in the industry, teenager Nina would pass by headquarters after school to do odd jobs. After being used to Nina's constant presence during the company's first two decades, they were sad to see her leave Middelfart to study at Copenhagen Business School and later Harvard University and the London School of Economics.

"I think they were even more anxious when I used my newly acquired master's degree in applied economics and finance to find work outside the company, where I specialised in mergers, acquisitions and business restructuring," she recalls.

"Some people feared I was gone for good, but I was only gaining experience. I have always known my future was here. For me, this is not just a family-owned company; it is my family."

She returned to the fold six years ago where her duties at Bunker Holding included strategy, business restructuring and M&A, while serving as Director of the Board at two other companies in the USTC Group, SDK and Uni-Tankers at the same time. Having become acquainted with all the nuts and bolts of the family business, she was named COO of USTC in January 2020.

Her younger sister, Mia Østergaard Nielsen, is on a similar path to becoming an active, experienced owner. Like Nina before her, she is presently pursuing a professional career outside the company. Mia's educational background includes Copenhagen Business School, London School of Economics, and Harvard University. Having worked in both Singapore and London, she is presently based in Copenhagen where she advises global companies on CFO recruitment. Mia is a director on the board of Bunker Holding. Both sisters are also actively involved in the Selfinvest Family Office, in which the family's active ownership of the USTC group is rooted.

'TØN', as their father is affectionately known by all employees, is still a very active presence in the Group and he intends to remain so for years to come. But Nina's and Mia's journeys reflect how the family is preparing for the day when the next generation must take over the reins.

"Nina's ascension to the position as my right hand is a step in a deliberate, long-term plan to hand over ownership of the Group to my daughters slowly and smoothly," says Torben Østergaard-Nielsen.

"Nina and Mia are well on their way to becoming active, knowledgeable and visionary owners. I am confident that they will ensure that my ethos and values will continue to pervade the company."

As COO of a private company, Nina is keenly aware of the opportunities and responsibilities this entails. Her stewardship of USTC and Bunker Holding is connected to the values, culture and history that make the Group more important and more valuable than an average publicly traded company. Her gaze is fixed not just on next year's annual result, but on the long-term role of the company in an everchanging world.

"My children will inherit a very different company that more than likely will not be serving a world fuelled by oil but something else, just as the shipping industry transitioned from coal to oil in the mid-20th century. This next transition is still decades away, and we still don't know whether it will be to LNG, ammonia, hydrogen, electricity or something else entirely," she says.

"My vision for the company is that, come what may, we will evolve and continue to be an important part of the value chain in the shipping industry. The luxury of being a private company with committed owners is that it enables us to begin preparing for this future even today."

Nina's six-year old daughter already shows a fine grasp of the meaning of bunkering. And while Nina will let her children decide their own future, just as her father did, she admits to stocking their toy chests with books about the maritime world, toy ships, computers and phones.

"Come to think of it, my dad did, too."

Left to right: Nina Østergaard Borris, Torben Østergaard-Nielsen, and Mia Østergaard Nielsen.

SUCCESSION IN PLACE

In June 2020, Nina Østergaard Borris and Mia Østergaard Nielsen took yet another important step on their path to eventually succeed their father, as they became co-owners of United Shipping & Trading Company, the global shipping group that includes Bunker Holding. The daughters each received 1/3 of the ownership of Selfinvest, the group's parent company. The move is in line with the family's long-term plan for Nina and Mia's succession, and has no effect on the daily management of the business. Torben Østergaard-Nielsen continues to head the group and holds the controlling Class A shares.

"I still have no plans either to reduce my workload or retire. But it gives us peace of mind to get this important step in place, not just for us as an owner family, but also for our employees and other stakeholders worldwide," says Torben Østergaard-Nielsen.

GLOBAL VIGILANCE

"IF WE ARE NOT CONFIDENT THAT EVERYTHING IS ABOVE BOARD, BUNKER HOLDING WILL FOREGO THE TRADE."

Wei Yen Yip
Global Head of Compliance

Bunker Holding's global effort to safeguard against sanctions violations is regarded as one of the most diligent and effective in the industry. The slightest indication that something may be amiss prompts an immediate and thorough investigation.

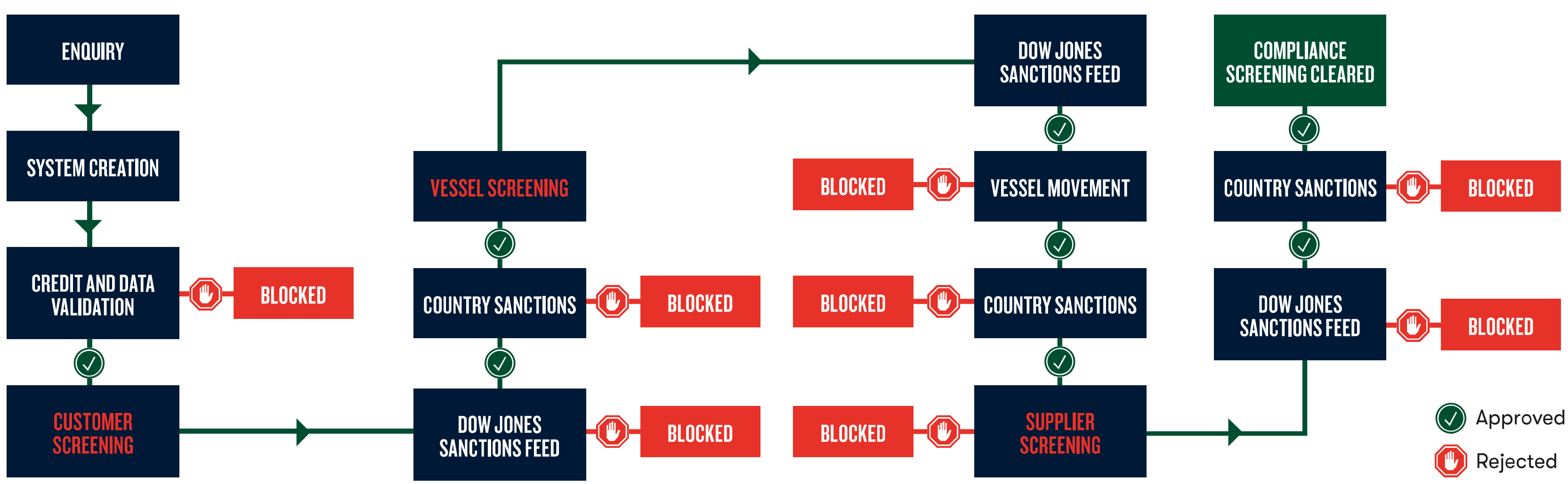
On a busy day, Wei Yen and her team launch an international investigation every half hour around the clock. Working globally, they analyse ship movements; pore over bills of lading; or scrutinise ownership and official documents for tell-tale signs of forgery, in order to evaluate sanctions compliance risks for a particular transaction.

Bunker Holding's Global Head of Compliance is keenly aware that time is always of the essence: Business is being interrupted and clients inconvenienced. She also knows from experience that in the majority of cases, both clients and their cargoes will be deemed perfectly legitimate.

Nevertheless, if a red flag has been raised by one of Bunker Holding's wide-ranging and sensitive safeguard systems, the resulting blocking of a customer account or vessel in the system will only be removed once she and her team are satisfied that everything is verifiably genuine, proper and lawful. All blockings, approvals or rejections will remain recorded in the system, with checks and correspondence documented for future reference and accountability.

"Any indication that something is amiss sends us working. And if we are not confident that everything is above board, Bunker Holding would rather forego the trade than risk being in breach of sanctions," says Wei Yen Yip.

Global bunker trading is an increasingly complex business with both widely differing national regulations and ever-changing international sanctions laws and regulations. Given that the Group operates in 33 countries and handles more bunker trades than any other company in the world, sanctions compliance necessarily has to be a main focus area for Bunker Holding. Over the past five years, the Group has invested substantial resources in ensuring that the Group has one of the most comprehen-



sive compliance systems in the industry, as well as employees that are thoroughly trained in the Group's no-tolerance policy towards sanctions violations.

Potential violations are automatically flagged by its tailor-made systems. Numerous false positives are not a bug, but an intentional feature to leave less room for error. While no system is perfect, the net is as finely meshed as presently available access to global intelligence allows. Vessels and counterparties are each checked by the compliance system against external, independently sourced and constantly updated sanctions lists. Bunker Holding also subscribes to maritime feeds where all vessels around the world are tracked by GPS. A port call in a sanctioned country will automatically trigger a red flag.

With team members in Asia and Europe, flagged requests can be handled quickly in most time zones. In a typical scenario where a customer seeks marine fuels for its vessel, and there is a blocking in place, the team has to obtain all relevant information about the customer, the vessel's voyage and cargo in order to make a thorough assessment whether to approve or reject the trade. In some cases, additional cargo documentation is also required for verification. The team has encountered obviously doctored documents and counterparties who are deliberately vague about details, and such trades are also rejected.

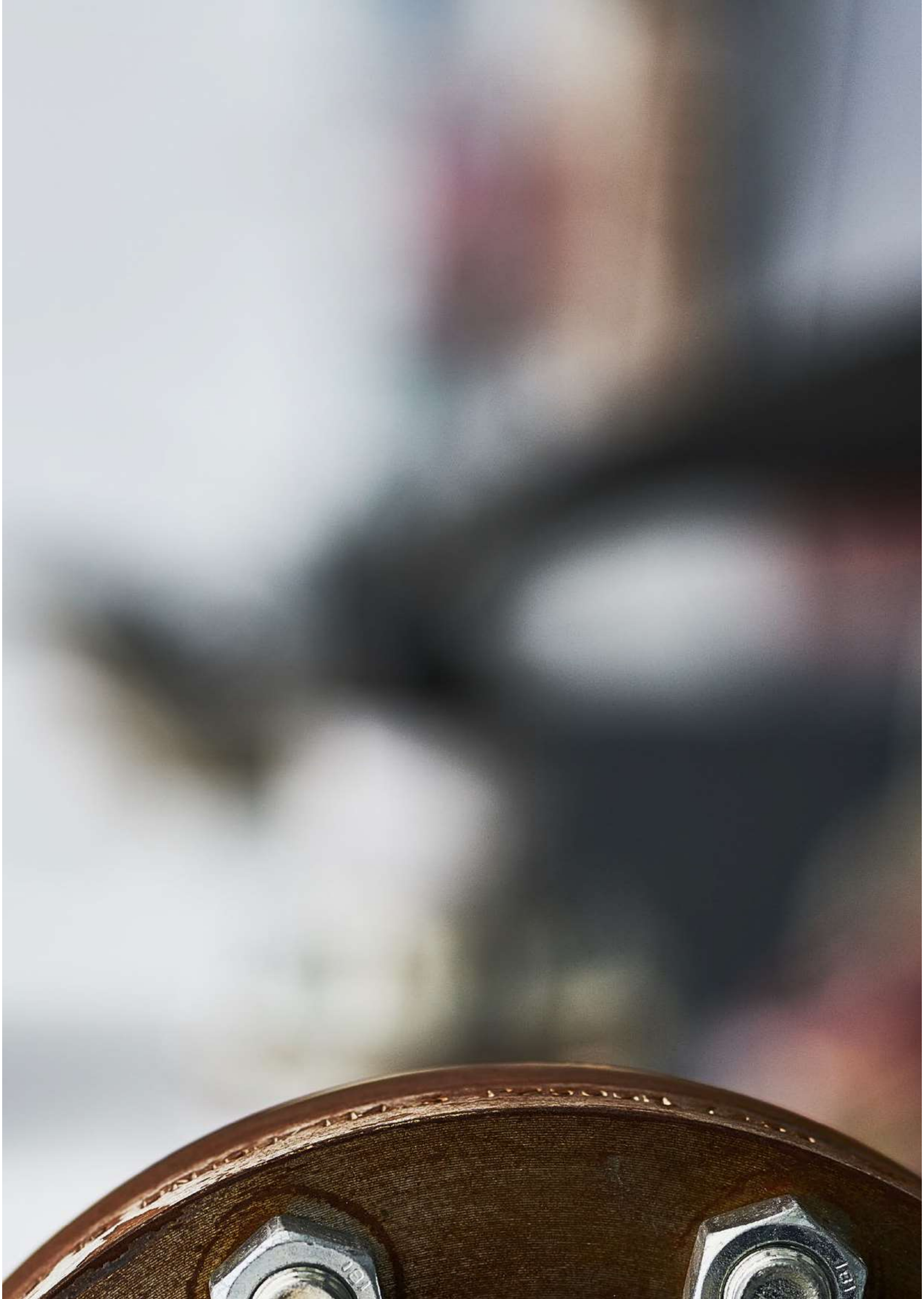
"We understand that when we decline trades, it means lost business for us. However, compliance remains a top priority and we have the buy-in and full support of our top management. This has helped to develop a culture throughout the organisation where it is recognised that sanctions compliance risk assessment is best practice," says Wei Yen.

"We also know that banks and other stakeholders are satisfied and impressed with our effort which provides them with great comfort, and that is a very important yardstick for us."

AROUND THE WORLD

AMERICAS	EUROPE	ASIA	OTHERS
18 OFFICES	28 OFFICES	17 OFFICES	3 OFFICES


"WE SEEK
SUSTAINABLE
SOLUTIONS
TO GLOBAL
CHALLENGES"



CORPORATE SOCIAL RESPONSIBILITY

Bunker Holding perceives corporate social responsibility as the duty to work progressively to reduce negative and increase positive impacts on the individual, the society and the environment.

Our business areas

Bunker Holding Group is a global leader in purchasing, selling and supplying marine fuel and lube oil for ships. We also provide risk management and other vital services for the shipping industry. Our three main business areas are bunker trading, risk management and physical operations.
Please see page 4 for further details.

Our main risk areas

Derived from our business model we have identified the following non-financial risk focus areas:

1. Compliance and quality management
2. Diversity, human rights and gender composition
3. Workplace and safety
4. Environment and community engagement

The section below includes Bunker Holding Group's statement of compliance with the Danish Financial Statements Act, section 99 a.

COMPLIANCE AND QUALITY MANAGEMENT

Bunker Holding manages its risk responsibly and regards it as an imperative that the Group complies with all applicable rules and legislation in each country in which we operate. We see compliance as legally and ethically impeccable conduct by all employees in their daily work. This includes observing all applicable anti-corruption, anti-trust and international trade sanctions.

Personal data protection is an increasingly important focus area. Legislation and regulations are being rolled out worldwide, also in the EU and Denmark, to ensure that companies follow ever stricter requirements on the protection of personal data. This has entailed consistent requirements for internal training, preparation of policies and guidelines as well as risk and impact assessments.

Policies and activities

Compliance

Bunker Holding is unreservedly committed to compliance and works proactively with these and related matters to remain best-in-class and at the forefront of new regulations. By continuously updating our systems and procedures, the Group constantly works to ensure that all information on sanctions is as easily accessible to all employees as possible. Please read more about our global effort to safeguard against sanctions violations on page 34.

Similarly, the Group has taken steps to ensure that we have the adequate procedures to prevent fraudulent behaviour among individuals within the Group or persons associated with the Group. We ensure that everyone in the company – board members, managers, employees – each possesses a general understanding of relevant applicable laws. Through 2019 and 2020 this has been achieved through specific programmes on the subjects, including manuals, recurring training, and the staff's mandatory annual completion of compliance e-learning. At the same time, our activities are in general subject to several strict anti-corruption laws, including the Danish Criminal Code, the UK Bribery Act, and the US foreign Corrupt Practices Act.

Regarding tax policy we shall act with integrity and maintain good corporate citizenship in handling the tax affairs of Bunker Holding. With best effort we intent to comply with applicable tax regulations. We will act in an upright manner towards public authorities and pay the taxes as required by law.

We aim to ensure that we are aware of all relevant tax risks, compliance matters and legislative developments. Tax risks are actively identified, managed and mitigated. The CFO of Bunker Holding has overall responsibility for tax matters and approves the tax policy.

Whistle-blower procedure

In our Code of Conduct (which can be downloaded at our website) we encourage everyone to promptly raise any concern of breach or potential breach of our Code of Conduct, Bunker Holding policies or the law with Bunker Holding's legal department. Bunker Holding will never retaliate nor allow retaliation for concerns raised in good faith.

DIVERSITY, HUMAN RIGHTS AND GENDER COMPOSITION

The industry in which we operate is characterised by a high degree of multiplicity, and so is Bunker Holding. A diverse and inclusive workplace is attractive to both our business partners, suppliers as well as customers. At the same time, our diversity reflects the countries in which we operate. We believe it is not just a great advantage to have employees with different cultural backgrounds and nationalities employed. It is an absolute must.

Bunker Holding is very engaged in ensuring a diverse and inclusive workplace with no room for discrimination.

Policies and activities

Equal opportunities

Our policy is that all employees, irrespective of gender, nationality, skin colour and religion, must have equal career and management opportunities. Bunker Holding is a mirror image of a globalized world. This philosophy is supported by our open-minded, unprejudiced culture which allows each individual employee to make the best possible use of his/her skills. Likewise, Bunker Holding's internal management training programmes are available to anyone with the right skills.

When recruiting new colleagues, we evaluate the professional and personal skills of the candidates. In our view, gender says nothing about a person's competencies, level of commitment or ability to cooperate with others which is why it is no decisive factor for us. In Bunker Holding offices across the world, our highly skilled staff – male and female – work together in making the most of their talents.

Just as is the case with gender, an individual's religious and sexual orientation will have no impact on his/her career opportunities within our group. We recruit reliable, respectful and competent professionals of any orientation.

Human rights policy

Bunker Holding has the responsibility and is committed to respect human rights. We do not tolerate any kind of discrimination, be it on the ground of nationality, gender, religion, skin colour or sexual orientation. The Group celebrates diversity, and we actively seek to be a workplace with a multitude of different cultural backgrounds in our staff composition and at our management levels.

At the end of the financial year we employed more than 50 nationalities, and a multitude of different cultural backgrounds. Our youngest employee is only 18 years old – the oldest turned 70.

Gender composition – Board of Directors

The section below includes Bunker Holding Group's statement of compliance with the Danish Financial Statements Act, section 99 b.

Targets for the under-represented gender on the Board of Directors

Bunker Holding's Board of Directors is the supreme management board in the company. Bunker Holding's Board of Directors consists of eight board members, seven male and one female. As for now, the percentage of female board members elected by the shareholder's committee is 12.5%. The target for the female gender is 20% for 2021 and 35% for 2022.

As for the subsidiaries A/S Dan-Bunkering Ltd, A/S Global Risk Management Ltd, A/S Global Risk Management Ltd. Fondsmæglerselskab, KPI Bridge Oil A/S and Unioil Supply A/S, there are no femalec members on the Board of Directors and the targets for 2021 and 2022 are the same as for Bunker Holding A/S.

Bunker Holding is striving to ensure that the under-represented gender is represented on the list of candidates in the future. We do, however, reserve the right to select the most qualified candidate irrespective of gender.

Policy for the under-represented gender at other management levels

Bunker Holding believes in creating an open and inclusive business culture where every employee thrives the best way possible. Talent is more diverse than ever before, and an inclusive work environment is key to innovation, continuous improvement and retention of talent. Every single day we work to provide an atmosphere where all staff members feel included, appreciated and valued.

In 2019/20 we have strived to ensure the under-represented gender is represented on the list of candidates at other management levels. We have seen the first results of our strong recruitment process in the financial year – and work to see even stronger results in 2020/21.

WORKPLACE AND SAFETY

Bunker Holding is a people's business, and the dedication and expertise of our staff is one of our greatest assets. Bunker Holding strives to create an engaging workplace and optimal working conditions for our staff – and it is very important that we listen, engage, develop, inspire and can offer exciting new opportunities across the Group to ensure that we have motivated and highly skilled experts in every function and every business unit.

Physical safety

We focus on continuously enhancing the health and safety of our employees as well as our premises on a global scale to be up to date on safety requirements and best practices. This is of particular importance in our Physical business units.

Policies and activities

People Development Review

We have always been committed to interacting with our employees to create a world-class workplace, and we constantly harness our learnings about what motivates our team members to come to work every day. One important tool is an annual appraisal campaign: The PDR – People Development Review – helps us plan, facilitate and follow up on personal and professional development.

Engagement process

The latest engagement survey was carried out during the COVID-19 pandemic and focused on how employees felt Bunker Holding had handled the crisis. The results were very satisfactory. 86 % of all employees – many of whom had been required to shelter at home – responded to the survey, and they gave the Group a very high score (9.0 out of 10).

We will continue to invest heavily in developing, attracting and attaining the best talents, among other things through our well-established talent development programme described below. This is key to deliver on our strategic business ambitions going forward.

The Accelerator Programme (TAP)

With this ambitious talent programme, we aim at creating – and constantly maintaining – a strong pipeline of talents that are ready to take on new, exciting opportunities and responsibilities in our company.

Internal training

Staff development is a key element of future growth and retention. In the financial year, employees from our global workforce attended more than 10,000 hours of internal training either locally, internationally or in our internal academy at the global headquarters in Middelfart, Denmark. Additionally, employees also participate in e-learning programmes.

Physical safety: QHSE Management

We are concerned about the safety of our employees, building and maintaining a safe working environment. For our specialised physical shipping activities, we have developed procedures and guidelines meeting best practices of the bunker industry and we strive to be a forerunner in safety and environmental protection in good cooperation with amongst others local authorities and tonnage providers.

The right procedures and training of high awareness of internal and external personnel are key elements ensuring a safe working environment and zero tolerance towards accidents and pollutions.

In the Physical business areas several of our business units operate based on a QHSE Management System that meets the requirements of the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 international standards which are certified by DNV GL. Additionally, we are qualified in the Achilles Joint Qualification System (Achilles JQS) for suppliers to the Oil Industry in Norway and Denmark.

ENVIRONMENT AND COMMUNITY ENGAGEMENT

We are committed to being a socially and environmentally responsible company. Bunker Holding acknowledges the influence of climate change, along with the role that transportation and energy play in assisting people traveling and goods being transported by sea. Being a group specialising in oil trading, we do whatever is in our capacity to reduce the impact on the environment. For more information on this effort, please see the Letter from the CEO on page 8.

A particularly important area of focus in our line of business is prevention of oil spill, which is why we take all necessary measures to avoid causing harm to the nature. We are constantly looking for ways to improve environmental and operational performance and at the same time facilitate man's ability to journey at sea. Also, we are focused on engaging in projects and communities world-wide where we can help make a difference.

Policies and activities

Our subsidiaries are actively engaged in projects to lower sulphur emissions, and we recycle and seek to reduce power consumption wherever and whenever possible with the aim of protecting our surroundings and the climate from human-induced harm and hazards. For further info please see our Code of Conduct, which can be downloaded at our website.

We have been very engaged in the new, lower sulphur emission limits that took effect in January 2020. Prior to the new regulations, we actively advised the maritime industry on how to adhere to the new emission demand and helped make the transition as smooth and successful as possible.

Bunker Holding will continue to take the lead in driving the transition to a more sustainable future. We are presently involved in two ambitious and visionary projects aimed at transforming the shipping industry. For more information on this, please read the Letter from the CEO on page 8.

Community engagement

With offices in 33 countries on six continents, Bunker Holding is committed to supporting these diverse, local communities around the globe. Each office independently decides which local charities they feel it especially meaningful to work with, and which local humanitarian events they deem it most important to sponsor.

Most offices typically choose to help the poor and the homeless, supplying them with food, clothing, or access to medical help. Where possible, offices have also recently sought to alleviate the hardship and suffering caused by the COVID-19 pandemic. In all cases, employees have shown engagement and passion in helping their communities.

BOARD OF DIRECTORS

Left to right back: Peter Frederiksen (seated), Torben Janholt, Peter Korsholm, Torben Østergaard-Nielsen, Peter Appel. Left to right front: Morten H. Buchgreitz (seated, blue chair), Mia Østergaard Nielsen, and Klaus Nyborg.

Torben Østergaard-Nielsen
Chairman

Born in 1954.
Board member since 1994.
Chairman since 2014.
CEO, founder and owner of the USTC Group (A/S United Shipping & Trading Company).

Special competences
Extensive background and global experience within the shipping and bunker industry.

Other directorships
Chairman and member of the boards in most USTC Group companies. Member of the boards in Fayard Holding ApS, Fayard A/S, Fiberline Composites A/S, H.J. Hansen Holding A/S, Gottfred Petersen Holding A/S and Jensen's Food Group A/S. Chairman of the board in Middelfart Bycenter A/S and Selected Car Leasing A/S.

Other
German Honorary Consul since 1988, member of Corps Consulaire since 1988. Member of Danske Bank Erhvervsråd.

Klaus Nyborg
Vice Chairman

Born in 1963.
Vice Chairman since 2012.
Board management and investment.

Special competences
Global experience with management of listed shipping companies incl. CEO of Pacific Basin Shipping, Hong Kong. Strategic and financial expertise as well as in-depth knowledge of risk management.

Other directorships
Chairman of the boards in A/S United Shipping & Trading Company, Norden A/S, Bawat A/S, Moscord Pte. Ltd. and the investment committee Maritime Investment Fund 1 K/S and Maritime Investment Fund 2 K/S. Vice Chairman of the boards in Uni-Tankers A/S and DFDS A/S.
Member of the boards in Karen og Poul F. Hansens Familiefond, X- Press Feeders Ltd. and Norchem A/S.
Director of Return ApS.

Education
Msc in Business & Law, Copenhagen Business School supplemented with management courses at London Business School and IMD.

Morten H. Buchgreitz
Board member

Born in 1967.
Board member since 2014.
Member of the Group Executive Management of Ørsted A/S (Distribution and Customer Solutions).

Special competences
Extensive and in-depth knowledge and experience with economics and finance, including credit and risk management.

Other directorships
Chairman and member of the boards in several Ørsted Group companies. Vice Chairman of the board in Danish Energy Association. Member of the boards in A/S United Shipping & Trading Company and Uni-Tankers A/S.

Education
MSc in Business Administration and Computer Science.

Peter Frederiksen
Board member

Born in 1963.
Board member since 2012.
Professional board member.

Special competences
Extensive experience within the shipping industry from leading global positions in liner shipping at A.P. Moller-Maersk for more than 25 years and Hamburg Süd for 9 years. Broad management and strategy skills as well as financial experience.

Other directorships
Chairman of the board in Sund & Bælt Holding A/S, Vice Chairman of the board in Oeresundsbro Konsortiet. Member of the boards in A/S United Shipping & Trading Company and Uni-Tankers A/S.

Education
Shipping education at A.P. Moller-Maersk supplemented with management training at INSEAD and Cornell University.

Torben Janholt
Board member

Born in 1946.
Board member since 2006.
Professional board member.

Special competences
Extensive background and global experience within the shipping industry, primarily through his 28 years with J. Lauritzen A/S, the last 14 years as CEO, and as chairman of the Danish Shipowners' Association from 2005-2009.

Other directorships
Member of the boards in A/S United Shipping & Trading Company, Uni-Tankers A/S and Torm PLC.

Education
Bachelor of Commerce supplemented with executive management training at IMD and IESE.

Peter Appel
Board member

Born in 1961.
Board member since 2019.
Partner, Gorrissen Federspiel law firm.

Special competences
In-depth knowledge and extensive experience within legal matters related to the shipping industry, as an adviser to and member of directors in a number of Danish shipping companies and investment foundations with connections to the area. Specialised in the transport sector and infrastructure projects, including extensive knowledge about ferry service, train and harbour projects.

Other directorships
Chairman of the boards in Deloitte Fonden, Deloitte Huset Holding A/S, Clipper Group A/S, Fayard Holding Aps, Fayard A/S and Den Danske Søretsforening.
Member of the boards in A/S United Shipping & Trading Company, Uni-Tankers A/S, SDK A/S, Clipper Group Ltd., BIMCO Informatique A/S, Norchem A/S, British Chamber of Commerce in Denmark, Sølovsudvalget and Maritime Development Center.

Education
LL.M. (Master of Laws), Copenhagen. Maritime Law, University of Oslo. LL.M with Merit in Commercial and Corporate Law, London School of Economics.

Peter Korsholm
Board member

Born in 1971.
Board member since 2014.
Professional board member and investor.

Special competences
Extensive experience from private equity and developing international companies, as well as mergers & acquisitions, financing and management of financial risks.

Other directorships
Chairman of the boards in Lomax A/S and parent companies, GDL Transport Holding AB, Nymølle Stenindustrier A/S and the Investment Committee of Zoscales Partners. Member of the boards in A/S United Shipping & Trading Company, Uni-Tankers A/S, DSVM Invest A/S and certain subsidiaries, DANX Holding I A/S and certain subsidiaries and Ørsted A/S.

Education
MBA from INSEAD, MSc from London School of Economics, BA from University of Copenhagen.

Mia Østergaard Nielsen
Board member

Born in 1989.
Board member since 2018.
Associate, Spencer Stuart.

Special competences
Executive search and leadership assessments. Sparring partner for large CAP and PE owned companies on CFO talent pool as well as C-suite succession planning and psychometric testing and in-depth interviewing.

Education
MSc in Human Resource Management.


GLENDINNING

From left: Christoffer Berg Lassen,
Keld R. Demant, and Michael Krabbe.

EXECUTIVE MANAGEMENT

Keld R. Demant
Group CEO

Born in 1966.
Joined Bunker Holding in 1998.
Member of the Executive Board since 2004. Appointed Group CEO in 2013.

Special competences
Substantial experience from leading positions in international companies. Strong operational competences and extensive knowledge within strategic management and marketing as well as substantial management experience.

Other directorships
Chairman and member of the board in several Bunker Holding Group companies. Chairman of the board in Strib Idrætsefterskole. Member of the board in F. Uhrenholt Holding A/S.

Education
Executive Management and Board of Director programs from INSEAD supplemented by shipping training at Oxford University and Lorange Institute.

Michael Krabbe
Group CFO

Born in 1974.
Joined Bunker Holding in January 2019.
Member of the Executive Board and Group CFO.

Special competences
Holds a strong track record of more than 15 years of different senior financial management positions in various industries.

Other directorships
Member of the board in several Bunker Holding Group companies.

Education
Holds a MSc in Finance from Aarhus School of Business and a MSc in Economics and Finance from Warwick University.

Christoffer Berg Lassen
Group CCO

Born 1984.
Joined Bunker Holding in 2004.
Appointed Group CCO in 2018.
Member of the Executive Board and Group CCO.

Special competences
Strong strategic and commercial experience of how to turn strategy into operational and commercial success. Profound knowledge of customer behaviour, value change optimisation and industry trends within the bunker industry.

Other directorships
Member of the board in several Bunker Holding Group companies and Voda A/S.

Education
Holds a degree from an International Business College supplemented by management training at INSEAD.

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

USD'000	Note	2019/20	2018/19
Revenue	1	10,946,049	10,644,302
Costs of goods sold		-10,506,517	-10,342,488
Gross Profit		**439,532**	**301,814**
Other operating income		1,180	430
Other external expenses	2	-235,596	-192,084
Depreciation, amortisation and impairment	5-7	-20,180	-11,297
Earnings before interest and tax (EBIT)		**184,936**	**98,863**
Share of profit/loss in associated companies	8	2,000	1,600
Financial income	3	10,241	10,701
Financial expenses	3	-42,024	-33,865
Earnings before tax (EBT)		**155,153**	**77,299**
Corporation tax	4	-28,976	-16,502
Earnings after tax (EAT)		**126,177**	**60,797**
Attributable to:			
Non-controlling interests		0	168
Shareholder in Bunker Holding A/S		126,177	60,629

STATEMENT OF COMPREHENSIVE INCOME

USD'000	Note	2019/20	2018/19
Profit for the year		**126,177**	**60,797**
Items that may be reclassified to Income Statement			
Fair value adjustment of derivative financial instruments		-26,975	-6,255
Exchange differences on translation of foreign operations		-2,905	-29
Income tax relating to these items		5,209	1,310
Other comprehensive income		**-24,671**	**-4,974**
Total comprehensive income		**101,506**	**55,823**
Attributable to:			
Non-controlling interests		0	127
Shareholder in Bunker Holding A/S		101,506	55,696

STATEMENT OF FINANCIAL POSITION

USD'000	Note	**2019/20**	2018/19
Non-current assets			
Intangible assets	5	31,967	33,566
Property, plant and equipment	6	20,573	20,564
Right-of-use assets	7	31,085	0
Investments in associates	8	7,317	5,317
Receivables		644	805
Deferred tax	4	9,342	9,518
Total non-current assets		**100,928**	**69,770**
Current assets			
Inventories		107,151	177,745
Trade receivables	11	639,420	938,511
Tax receivables		11,135	6,193
Other receivables		44,620	62,965
Derivatives	9	295,116	112,334
Cash and cash equivalents		109,048	188,931
Total current assets		**1,206,490**	**1,486,679**
Assets		**1,307,418**	**1,556,449**

USD'000	Note	**2019/20**	2018/19
Equity			
Share capital		1,781	1,781
Reserves		-19,345	3,326
Retained earnings		374,603	312,943
Equity, Shareholders		**357,039**	**318,050**
Non-controlling interests		0	0
Equity	12	**357,039**	**318,050**
Non-current liabilities			
Borrowings	11	95,147	114,711
Lease liabilities	7	22,032	0
Deferred tax	4	4,617	4,092
Total non-current liabilities		**121,796**	**118,803**
Current liabilities			
Borrowings	11	249,465	332,569
Lease liabilities	7	9,597	0
Trade payables		381,070	590,664
Corporation tax		24,202	12,953
Derivatives	9	101,099	127,449
Other payables		63,150	55,961
Total current liabilities		**828,583**	**1,119,596**
Total liabilities		**950,379**	**1,238,399**
Total equity and liabilities		**1,307,418**	**1,556,449**

STATEMENT OF CHANGES IN EQUITY

USD'000	Share capital	Hedging reserve	Foreign currency translation reserve	Reserve for other equity investments	Retained earnings	**Equity attributable to owners**	Non-controlling interests	**Total equity**
2019/20								
Equity at 1 May	**1,781**	**1,133**	**-2,813**	**5,006**	**312,943**	**318,050**	**0**	**318,050**
Earnings after tax (EAT)	0	0	0	2,000	124,177	126,177	0	126,177
Other comprehensive income net of tax	0	-21,766	-2,905	0	0	-24,671	0	-24,671
Total comprehensive income for the year	**0**	**-21,766**	**-2,905**	**2,000**	**124,177**	**101,506**	**0**	**101,506**
Dividend to shareholder	0	0	0	0	-62,517	-62,517	0	-62,517
Total transactions with shareholder	**0**	**0**	**0**	**0**	**-62,517**	**-62,517**	**0**	**-62,517**
Equity at 30 April	**1,781**	**-20,633**	**-5,718**	**7,006**	**374,603**	**357,039**	**0**	**357,039**
2018/19								
Equity at 1 May	**1,781**	**6,078**	**-2,784**	**3,406**	**244,661**	**253,142**	**615**	**253,757**
Earnings after tax (EAT)	0	0	0	1,600	59,029	60,629	168	60,797
Other comprehensive income net of tax	0	-4,945	-29	0	41	-4,933	-41	-4,974
Total comprehensive income for the year	**0**	**-4,945**	**-29**	**1,600**	**59,070**	**55,696**	**127**	**55,823**
Capital increase	0	0	0	0	10,027	10,027	0	10,027
Other equity movements	0	0	0	0	-815	-815	-742	-1,557
Total transactions with shareholder	**0**	**0**	**0**	**0**	**9,212**	**9,212**	**-742**	**8,470**
Equity at 30 April	**1,781**	**1,133**	**-2,813**	**5,006**	**312,943**	**318,050**	**0**	**318,050**

CASH FLOW STATEMENT

USD'000	**2019/20**	2018/19
Earnings before interest and tax (EBIT)	184,936	98,863
Depreciation, amortisation and impairment	20,180	11,297
Changes in receivables	134,815	-129,148
Changes in inventories	70,594	-77,406
Changes in trade payables, other payables, etc	-252,778	81,548
Cash flow from operating activities before financial items and tax	**157,747**	**-14,846**
Financial income received	10,241	10,701
Financial expenses paid	-38,688	-33,865
Corporation tax paid	-21,968	-14,261
Other adjustments	-3,007	-4,227
Cash flow from operating activities	**104,325**	**-56,498**
Business acquisition	0	-1,557
Purchase of intangible assets	-4,603	-3,551
Purchase of property, plant and equipment	-4,012	-3,738
Sale of property, plant and equipment	138	445
Cash flow from investing activities	**-8,477**	**-8,401**
Proceeds from borrowings	0	334,324
Repayment of borrowings	-11,163	-334,801
Changes in bank borrowings	-102,051	123,962
Capital increase	0	10,027
Dividend paid	-62,517	0
Cash flow from financing activities	**-175,731**	**133,512**
Change in cash and cash equivalents	**-79,883**	**68,613**
Cash and cash equivalents at 1 May	188,931	20,318
Change in cash and cash equivalents	-79,883	68,613
Cash and cash equivalents at 30 April	**109,048**	**188,931**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NOTES

NOTE 1 — REVENUE

USD'000	**2019/20**	2018/19
Sale of goods and services	10,911,804	10,617,069
Commodity derivatives	34,245	27,233
Total	**10,946,049**	**10,644,302**
Revenue specified on geographical areas:		
Europe	5,472,261	5,804,714
Asia	3,364,142	3,063,491
Americas	1,771,495	1,392,424
Other	338,151	383,673
Total	**10,946,049**	**10,644,302**

NOTE 2 — OTHER EXTERNAL EXPENSES

Other external expenses consist of staff expenses, administration, bad and doubtful debt and credit risk protection etc.

USD'000	**2019/20**	2018/19
Staff expenses		
Wages and salaries	135,164	99,810
Pensions	4,537	4,030
Other social security expenses	7,810	6,523
Total	**147,510**	**110,363**
Number of employees at 30 April	**1,536**	**1,194**
Annual full-time employees	**1,508**	**1,157**

Staff expenses do not include costs to rented crew.

NOTE 3 — FINANCIAL INCOME AND EXPENSES

USD'000	**2019/20**	2018/19
Interest expenses on liabilities	-34,492	-31,413
Interest expense on lease liabilities	-1,346	0
Interest income on loans and receivables	7,681	9,418
Securities, capital losses	-2,088	-1,344
Net interest expenses	**-30,245**	**-23,339**
Net foreign exchange gains/losses	2,560	1,286
Fair value gains/loss from currency derivatives	-4,098	-1,111
Net fair value gains/losses	**-1,538**	**175**
Financial expenses, Net	**-31,783**	**-23,164**
Of which:		
Financial income	10,241	10,701
Financial expenses	-42,024	-33,865

NOTE 4 — TAXES

USD'000	Income statement	Other comprehensive income	Total
2019/20			
Current tax for the year	-28,399	5,209	-23,190
Tax concerning previous years	161	0	161
Adjustment of deferred tax	-738	0	-738
Total tax for the year	**-28,976**	**5,209**	**-23,767**
2018/19			
Current tax for the year	-16,857	1,310	-15,547
Tax concerning previous years	334	0	334
Adjustment of deferred tax	21	0	21
Total tax for the year	**-16,502**	**1,310**	**-15,192**

Reconciliation of tax expenses

USD'000	2019/20	2018/19
Earnings before tax	155,153	77,299
Share of profit/loss in associated companies	-2,000	-1,600
Non-deductible expenses, net	976	3,909
Other adjustments	2,697	-802
Earnings before tax adjusted	**156,826**	**78,806**
Tax using the Danish corporation tax rate	-34,502	-17,337
Tax rate deviations in foreign jurisdictions	5,248	1,409
Adjustment relating to previous years' taxes	161	334
Other difference, net	117	-908
Total Income tax	**-28,976**	**-16,502**

Deferred taxes

USD'000	2019/20	2018/19
Deferred tax at 1 May	5,426	5,410
Exchange rate adjustment	37	15
Adjustment relating to previous years	0	-20
Recognised in the income statement	-738	21
Deferred tax at 30 April	**4,725**	**5,426**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	9,342	9,518
Deferred tax liabilities	-4,617	-4,092
Deferred tax at 30 April	**4,725**	**5,426**

Deferred tax assets including the tax base of tax loss carry forwards are recognised at the amount by which they are estimated to reduce future tax payments. Unused tax losses for which no deferred tax asset has been recognised amount to USD 3,0 million in 2019/20 (2018/19: USD 2,2k) **Unrecognised tax** asset may be carried forward for a unlimited period of time, and it is uncertain whether the tax loss can be utilised.

The balance comprises temporary differences attributable to:

USD'000	Deferred tax assets		Deferred tax liabilities	
	2019/20	2018/19	2019/20	2018/19
Intangible assets	1,954	2,268	-3,151	-1,733
Property, plant and equipment	360	398	-106	-1,097
Other assets	867	2,195	-1,360	-1,262
Provisions	1,510	781	0	0
Tax losses etc.	4,651	3,876	0	0
Deferred tax at 30 April	**9,342**	**9,518**	**-4,617**	**-4,092**
Expected to be utilised as follows:				
Within 12 months	1,868	1,904	-923	-818
After 12 months	7,474	7,614	-3,694	-3,274
Total	**9,342**	**9,518**	**-4,617**	**-4,092**

NOTE 5 — INTANGIBLE ASSETS

USD'000	Goodwill	Patents, trademarks and other rights	IT development and software	Customer relationships	**Total**
2019/20					
Cost at 1 May	14,070	17,007	14,217	33,242	78,536
Exchange rate adjustment	0	0	-31	0	-31
Additions	0	0	4,603	0	4,603
Disposals	0	0	-157	0	-157
Cost at 30 April	**14,070**	**17,007**	**18,632**	**33,242**	**82,951**
Depreciation at 1 May	0	-13,666	-4,234	-27,070	-44,970
Exchange rate adjustment	0	0	30	0	30
Depreciation	0	-231	-1,719	-3,398	-5,348
Impairment losses	0	-500	-196	0	-696
Depreciation at 30 April	**0**	**-14,397**	**-6,119**	**-30,468**	**-50,984**
Carrying amount at 30 April	**14,070**	**2,610**	**12,513**	**2,774**	**31,967**
2018/19					
Cost at 1 May	12,618	17,007	11,562	31,742	72,929
Exchange rate adjustment	0	0	-63	0	-63
Additions	1,452	0	3,551	1,500	6,503
Disposals	0	0	-833	0	-833
Cost at 30 April	**14,070**	**17,007**	**14,217**	**33,242**	**78,536**
Depreciation at 1 May	0	-10,264	-2,944	-23,399	-36,607
Exchange rate adjustment	0	0	60	0	60
Depreciation	0	-1,071	-1,350	-3,671	-8,423
Impairment losses	0	-2,331	0	0	0
Depreciation at 30 April	**0**	**-13,666**	**-4,234**	**-27,070**	**-44,970**
Carrying amount at 30 April	**14,070**	**3,341**	**9,983**	**6,172**	**33,566**

NOTE 5 — INTANGIBLE ASSETS (CONTINUED)

Goodwill on cash generating units

USD'000	**2019/20**	2018/19
LQM Petroleum Services LLC	5,569	5,569
Amoil (Pty) Ltd	773	773
Other	7,728	7,728
Carrying amount at 30 April	**14,070**	**14,070**

Impairment Test
Goodwill is monitored by management at CGU level.

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and forecasts approved by management covering a five-year period.

Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

USD'000	**2019/20**	2018/19
LQM Petroleum Services LLC		
Annual growth rate %	2,0%	2,0%
EBIT Margin %	30%	26%
Discount rate	8,5%	8,7%
Amoil (Pty) Ltd		
Annual growth rate %	2,0%	2,0%
EBIT Margin %	21%	21%
Discount rate	10,5%	11,0%
Other		
Annual growth rate % (avg.)	2,0%	2,0%
EBIT margin % (avg.)	40%	37%
Discount rate (avg.)	9,3%	9,8%

Management determines the values assigned to each of the key assumptions as follows:

Annual growth
This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

EBIT margin
This is weighted average EBIT margin defined as EBIT divided by gross profit. Based on past performance and management's expectations.

Discount rate
The discount rate is a WACC after tax that reflects the risk free interest rate with the addition of a risk premium associated with the particular cash generating unit.

During the impairment tests we have concluded that there were no impairment losses for 2019/20 (2018/19: 0).

Management finds that no reasonable change in key assumptions upon which recoverable amount is based would lead to an impairment loss.

NOTE 6 — PROPERTY, PLANT AND EQUIPMENT

USD'000	Land and buildings	Leasehold improve-ments	Fixtures and fittings, tools and equipment	**Total**
2019/20				
Cost at 1 May	16,212	4,396	14,843	35,451
Exchange rate adjustment	-490	-114	-521	-1,125
Additions	1,567	502	1,943	4,012
Disposals	0	-144	-163	-307
Cost at 30 April	**17,289**	**4,640**	**16,102**	**38,031**
Depreciation at 1 May	-2,691	-2,671	-9,525	-14,887
Exchange rate adjustment	81	46	263	390
Depreciation	-324	-726	-2,080	-3,130
Reversed depreciation of disposals	0	125	44	169
Depreciation at 30 April	**-2,934**	**-3,226**	**-11,298**	**-17,458**
Carrying amount at 30 April	**14,355**	**1,414**	**4,804**	**20,573**

USD'000	Land and buildings	Leasehold improve-ments	Fixtures and fittings, tools and equipment	**Total**
2018/19				
Cost at 1 May	17,073	4,189	12,544	33,806
Exchange rate adjustment	-1,212	-71	-421	-1,704
Additions	448	666	3,457	4,571
Disposals	-97	-388	-737	-1,222
Cost at 30 April	**16,212**	**4,396**	**14,843**	**35,451**
Depreciation at 1 May	-2,516	-2,218	-8,570	-13,304
Exchange rate adjustment	182	34	298	514
Depreciation	-357	-658	-1,859	-2,874
Reversed depreciation of disposals	0	171	606	777
Depreciation at 30 April	**-2,691**	**-2,671**	**-9,525**	**-14,887**
Carrying amount at 30 April	**13,521**	**1,725**	**5,318**	**20,564**
Finance leases amounts	**0**	**0**	**0**	**0**

NOTE 7 — LEASES

The balance sheet shows the following amounts relating to leases:

USD'000	**2019/20**	1 May 2019*
Land and buildings	19,089	21,942
Fixtures and fittings, tools and equipment	11,996	3,764
Right-of-use assets at 30 April	**31,085**	**25,706**
Current	9,597	9,591
Non-current	22,032	16,353
Lease liabilities at 30 April	**31,629**	**25,944**

* In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipments and the liabilities as part of the group's borrowings. For adjustments recognised on adoption af IFRS 16 on 1 May 2019, please refer to note 16.

Additions to the right-of-use assets during the 2019/20 financial year were USD 16,4 mill.

USD'000	**2019/20**	2018/19
Depreciation charge of right-of-use assets		
Land and buildings	8,089	0
Fixtures and fittings, tools and equipment	2,917	0
Total	**11,006**	**0**
Interest expense (included in finance cost)	1,346	0
Expenses relating to short-term leases	41,115	0

NOTE 8 — INVESTMENTS IN ASSOCIATES

USD'000	2019/20	2018/19
Cost at 1 May	311	311
Cost at 30 April	**311**	**311**
Value adjustments at 1 May	5,006	3,406
Exchange rate adjustment	0	0
Share of profit for the year	2,000	1,600
Dividend	0	0
Value adjustments at 30 April	**7,006**	**5,006**
Carrying amount at 30 April	**7,317**	**5,317**

USD'000	Country	Currency	Method	2019/20	2018/19
Kaeline Investment Ltd	Cyprus	USD	Equity	50%	50%
Nordliq A/S	Denmark	DKK	Equity	33%	33%

NOTE 9 — DERIVATIVES

Derivatives are used mainly for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as 'held for trading' for accounting purposes below. Bunker Holding Group has the following derivative financial instruments:

USD'000	2019/20		2018/19	
	Assets	Liabilities	Assets	Liabilities
Commodity swaps	998,311	-776,064	189,200	-194,883
Commodity futures	703,255	-901,881	106,028	-71,660
Fixed price physical	7,132	0	1,080	0
Commodity options	41,937	-41,292	13,658	-13,745
Interest rate hedge	0	-1,917		
Forward foreign exchange contracts	13,509	0	6,077	0
Gross balance	**1,764,144**	**-1,721,154**	**316,043**	**-280,288**
Balances qualifying for offsetting				
Commodity swaps, -futures and -options	-1,229,145	1,229,145	-146,074	146,074
Net balance	**534,999**	**-492,009**	**169,969**	**-134,214**
Margin deposits	-239,883	390,910	-57,635	6,765
Amounts presented in the balance sheet	**295,116**	**-101,099**	**112,334**	**-127,449**
Amounts with right to set-off	-51,202	51,202	-38,554	38,554
Net exposure	**243,914**	**-49,897**	**73,780**	**-88,895**

Bunker Holding Group has a master netting agreement with all customers and obtains and provides collateral in excess of agreed credit limits. In the balance sheet, derivative assets and liabliites and related collateral with the same counterparty is presented net to the extent that the amounts will be settled net.

Offsetting is typically limited within specific products. According to IFRS, financial assets and liabilities are presented net, if there is both a legal right and intention to settle amounts with a counter party net or simultaneously.

Derivatives are classified as held for trading and accounted for at fair value through income statement unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within 12 months after the end of the reporting period.

NOTE 9 — DERIVATIVES (CONTINUED)

Fair value hierachy - Financial instruments measured at fair value

Financial instruments measured at fair value comprise only derivatives and can be divided into three levels:

Level 1
Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). To a large extent level 2 is based on observable quoted prices, however in some instances forward prices are not observable. In these situations we use the most liquid forward curves and derive a spread to the specific location. For options theoretical pricing models with implied volatilities from Ice are used to calculate market prices.

These valuation techniques maximise the use of observable market data where it is avaliable and rely as little as possible on entity specific estimates. If all significant inputs required to calculate the fair value of an instrument are observable, the instrument is included in Level 2;

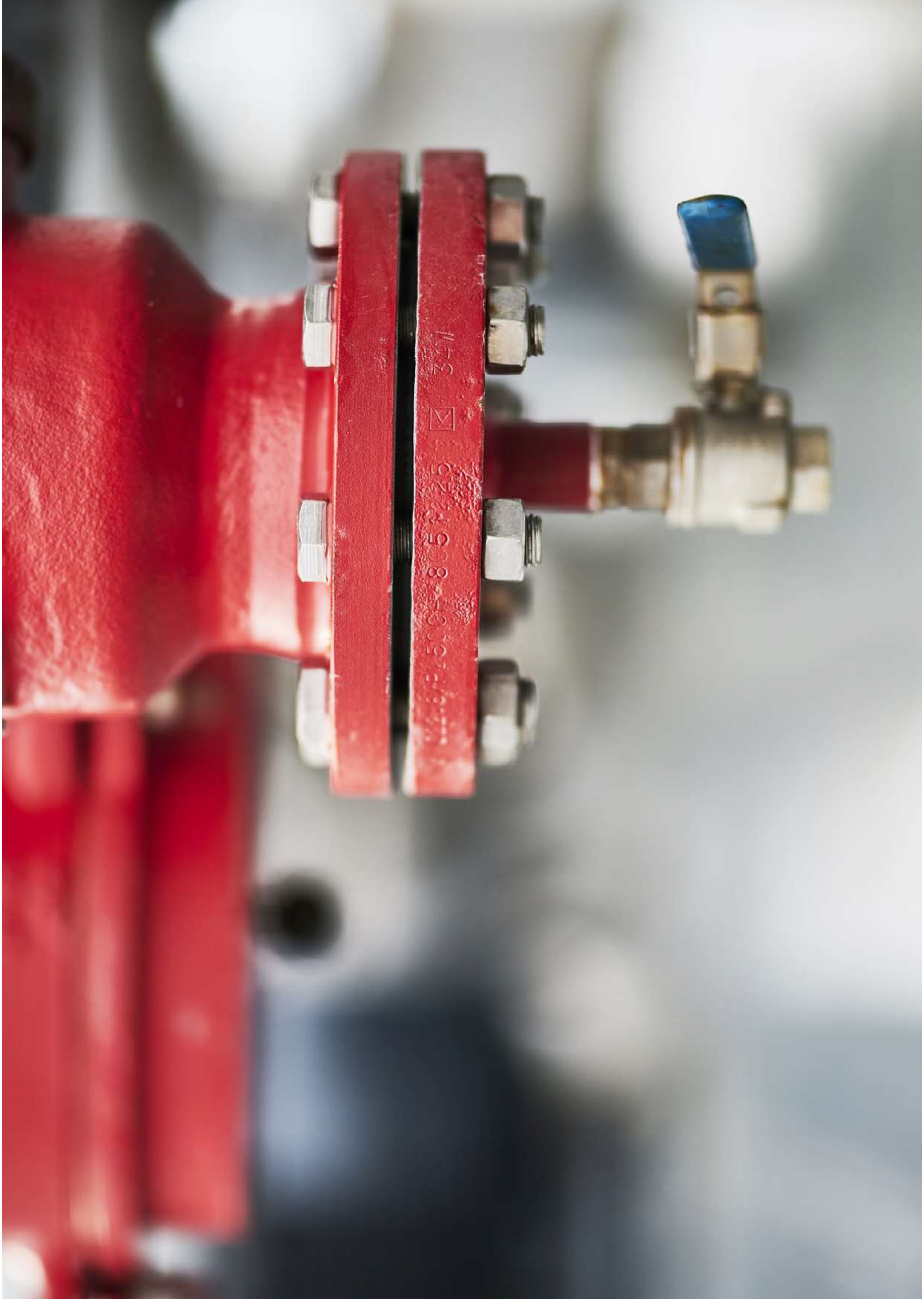
Level 3
Inputs for the assets or liabilities that are not based on observable market data.

Fair value of listed securities falls within level 1 of the fair value hierarchy. Non-listed shares and other securities fall within level 3 of the fair value hierarchy.

Fair value of derivatives falls mainly within level 2 of the fair value hierarchy and is calculated on the basis of observable market data as of the end of the reporting period. A minor amount of crude oil price derivatives fall within level 1 of the fair value hierarchy.

Fair value of level 3 assets and liabilities is primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Group's earnings after tax or equity significantly.

USD '000	Level 1	Level 2	Level 3	**Total**
2019/20				
Financial assets				
Derivatives	785,313	971,700	7,131	1,764,144
Total	**785,313**	**971,700**	**7,131**	**1,764,144**
Financial liabilities				
Derivatives	-934,054	-787,100	0	-1,721,154
Total	**-934,054**	**-787,100**	**0**	**-1,721,154**
2018/19				
Financial assets				
Derivatives	121,466	193,497	1,080	316,043
Total	**121,466**	**193,497**	**1,080**	**316,043**
Financial liabilities				
Derivatives	-79,942	-200,346	0	-280,288
Total	**-79,942**	**-200,346**	**0**	**-280,288**



NOTE 10 — FINANCIAL INSTRUMENTS BY CATEGORY

USD'000	Fair value through income statement	Amortised cost
2019/20		
Financial assets		
Trade and other receivables	644	684,040
Derivative financial instruments	295,116	0
Cash and cash equivalents	0	109,048
Total financial assets	**295,760**	**793,088**
Financial liabilities		
Trade and other payables	0	444,220
Borrowings	0	344,612
Lease liabilties	0	31,629
Derivative financial instruments	101,099	0
Total financial liabilities	**101,099**	**820,461**
Total	**194,661**	**-27,373**
2018/19		
Financial assets		
Trade and other receivables	805	1,001,476
Derivative financial instruments	112,334	0
Cash and cash equivalents	0	188,931
Total financial assets	**113,139**	**1,190,407**
Financial liabilities		
Trade and other payables	0	646,625
Borrowings	0	447,280
Derivative financial instruments	127,449	0
Total financial liabilities	**127,449**	**1,093,905**
Total	**-14,310**	**96,502**

Categories of financial assets and liabilities as defined in IFRS 9. The classification depends on the purpose for which the investments were made. Management determines the classification of its investments on initial recognition and revaluates these at the end of every reporting period to the extent that such a classification is permitted and required.

Financial instruments carried at fair value
Bunker Holding Group has entered into financial bunker sale agreements with customers with the bunker price in places where the price is not direct observable. Fair value is determined as the present value of the difference between the price fixed in the agreement and the forward price for the same quality of bunker in a liquid place (Rotterdam, Singapore) with the addition of an estimated spread between the liquid place and the place of delivery under the contract for the same quality of bunker and an estimated margin. The spread is determined on the basis of an analysis of the historical difference between the actual price in the liquid place and available price observations for the place of delivery. The margin is estimated to be equal to the margin on inception of the contract over the term of the agreement. Refer to note 9 for further information.

Financial instruments carried at amortised cost
Fair value of the short term financial assets and other financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows, discounted with an interest rate reflecting the credit rating of the company. Where a market price was available, this was deemed to be the fair value. Fair value of borrowing items fall within level 2 of the fair value hierarchy and is calculated on the basis of discounted future cash flows. Carrying amount of borrowings differs from fair value due to capitalised borrowing costs of USD 3.8 million (2018/19: USD 4.3 million).

NOTE 11 — FINANCIAL RISKS

Bunker Holding Group is exposed to a variety of financial risks herein market risks such as currency risks, interest rate risks and price risks. Besides these significant risks, there are credit risks and liquidity risks.

Market risk is the risk of losses on financial positions arising from movements in market prices to which the Group is exposed through financial instruments. Market risks are regularly assessed and prioritised based on how likely they are to occur and their potential impact. Bunker Holding Group's risk management programme seeks to minimise the potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central department under policies approved by the Board of Directors.

The below sensitivity analyses relate to the position of financial instruments at 30 April 2020.

Currency risk

The functional currency is USD and thus all amounts are recorded and reported in USD. Nearly all of revenues and costs of sales are denominated in USD. However, payments of local costs such as office expenses, local taxes, local employee compensation and GST/VAT payments may be denominated in local currencies. In some limited locations, suppliers are paid in local currency. The largest gross exposures are to the Danish Krone, the Singapore Dollar and Euro. However the risk management policy requires the use of hedging strategies to mitigate the impact of foreign currency exchange risk. Therefore, the net exposure to foreign currency exchange risk is insignificant.

An increase in the USD exchange rate of 10% against all other significant currencies to which the Group is exposed is estimated to have a negative impact on the Group's EBT by USD 0.5 million (2018/19: positive by USD 0.2 million) and to affect the Group's equity, excluding tax, negatively by USD 0.4 million (2018/19: positively by USD 0.1 million). The sensitivities are based only on the impact of financial instruments that are outstanding at the balance sheet date and are thus not an expression of the Group's total currency risk.

Interest rate risk

The Group has most of its debt denominated in USD. Borrowings issued at variable interest rates expose the Group to interest rate risk. The Group's policy is to have its borrowings mainly in floating rate instruments, as the borrowings are mainly financing short term assets.

The risk management policy allows to use hedging strategies to mitigate the impact of interest rate risk.

A general increase in interest rates by one percentage point is estimated, all other things being equal, to have a negative impact on earnings before tax and equity, (excluding tax) by USD 3.9 million per annum (2018/19: negatively by USD 2.6 million), as a result of higher interest cost on borrowings.

The pricing model of the Group allows to a large extent the pass-through of interest costs to customers. Hence, from an operational point of view the Group is not as exposed as the analysis indicates. As such the analysis is therefore not representative for the Group.

Net interest-bearing debt

USD'000	2019/20	2018/19
Non-current liabilities		
Mortgages	-4,110	-4.711
Bank borrowings	-91,037	-110,000
Current liabilities		
Mortgages	-465	-481
Bank borrowings	-249,000	-332,088
Interest-bearing debt	**-344,612**	**-447,280**
Cash and cash equivalents	**109,048**	**188,931**
Net interest-bearing debt	**-235,564**	**-258,349**

Credit risk

The Group is exposed to credit risk relating to its customers, and all customers and other business partners are credit rated regularly in accordance with the Group's policy for assuming credit risks. Thorough internal procedures are in place to minimise the credit risks and the international conventions for obtaining maritime lien for bunker deliveries mitigate the negative impact from defaulting payers. In addition, the Group insures the credit risk on certain receivables where considered adequate due to the credit worthiness of the counter party or the size of the credit exposure.

The Group's cash at bank and in hand is deposited with banks that meet the appropriate credit criteria. In terms of credit rank banks must be at an acceptable level. Risk Management services are offered to our customers. These services include derivatives on fixed price contracts to customers which have been approved in line with the group's credit policy.

NOTE 11 — FINANCIAL RISKS (CONTINUED)

The ageing of receivables is as follows:

USD'000	Trade receivables	Provision for impairment		Net trade receivables
2019/20				
Receivables not due	477,024	0,5%	-2,385	474,639
Less than 90 days overdue	146,891	1,0%	-1,469	145,422
More than 90 days overdue	42,475	20,0%	-8,516	33,959
Covid-19 impairment			-14,600	-14,600
Carrying amount	**666,390**	**4,0%**	**-26,970**	**639,420**
2018/19				
Receivables not due	739,325	0,3%	-2,218	737,107
Less than 90 days overdue	154,126	0,5%	-771	153,355
More than 90 days overdue	60,060	20,0%	-12,011	48,049
Carrying amount	**953,511**	**1,6%**	**-15,000**	**938,511**

During the year, the following gains/(losses) were recognised in the income statement in relation to impaired receivables.

USD'000	**2019/20**	2018/19
Incurred losses	-14,661	-16,539
Movement in expected credit losses	-11,970	-5,000
Reversal of previous incurred losses	2,354	957
Loss recognised in the income statement	**-24,277**	**-20,582**

During the year, the following movement in provision were recognised in the statement of financial position in relation to impaired receivables:

USD'000	**2019/20**	2018/19
Provision 1 May	-15,000	-10,000
Movement in provision for impairment	-11,970	-5,000
Carrying amount at 30 April	**-26,970**	**-15,000**

Credit risk (continued)

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

COVID-19 has a significant impact on our customers that experience a decrease in demand, and for many a drop in capacity utilization. To accommodate for this higher than usual risk a separate amount has been provided for additionally to the ordinary provision for bad debt.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in the income statement within other external expenses.

Liquidity risk

Funding and adequate liquidity are fundamental factors in driving an expanding business, and management of both is an integrated part of Bunker Holding's continuous budget and forecasting process. To ensure focus on managing the risks related to funding and liquidity, Bunker Holding's Group Treasury department manages and monitors funding and liquidity for the entire Group and ensures sufficient cash and bank credit facility reserves to enable the Group to meet the operating liquidity needs, having an adequate amount of committed credit facilities and monitoring forecast and actual cash flow by matching the maturity profiles.

The borrowings are based on loan facilities committed by the banks for up to a 3-year period ending April 2023. The financing is granted as overdraft facilities without an agreed repayment profile.

The Group's borrowings are subject to standard clauses, according to which the Group's debt must be repaid in case of a change of control. The credit facilities with banks are furthermore subject to a few covenants focusing on the Group's ability to generate sufficient cash flow and meet its obligations. The covenants have not been breached in 2019/20, and neither were they breached in 2018/19.

It is crucial for the Group to maintain a financial reserve to cover the Group's obligations and investment opportunities and to provide the capital necessary to offset changes in the Group's liquidity due to changes in the cash flow from operating activities. At 30 April 2020 Bunker Holding Group had total unutilised credit facilities of USD 783.4 million (2018/19: USD 642.7 million). Besides the unutilised credit facilities the Group has factoring lines and inventory financing facilities of USD 394.2 million (2018/19: USD 368.9 million).

NOTE 11 — FINANCIAL RISKS (CONTINUED)

Maturities of liabilities and commitments
The tables below detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods.

The tables have been drawn up based on the undiscounted cash flows of financial liabilites based on the earliest date on which the Group can be required to pay.

USD '000	Carrying Amount	0-1 year	1-5 years	After 5 years	Total
2019/20					
Borrowings	344,612	249,465	92,844	2,303	344,612
Lease liabilities	31,629	9,597	20,881	1,151	31,629
Payables to related parties	236	236	0	0	236
Trade payables	380,834	380,834	0	0	380,834
Other payables	63,150	63,150	0	0	63,150
Derivatives	101,099	98,157	2,942	0	101,099
Financial instruments	**921,560**	**801,439**	**116,667**	**3,454**	**921,560**
Short-term leases	0	17,853	0	0	17,853
Total	**921,560**	**819,292**	**116,667**	**3,454**	**939,413**
2018/19					
Borrowings	447,280	332,569	111,861	2,850	447,280
Payables to related parties	609	609	0	0	609
Trade payables	590,055	590,055	0	0	590,055
Other payables	55,961	55,961	0	0	55,961
Derivatives	127,449	125,668	1,781	0	127,449
Financial instruments	**1,221,354**	**1,104,862**	**113,642**	**2,850**	**1,221,354**
Operation lease	0	33,258	17,001	864	51,123
Total	**1,221,354**	**1,138,120**	**130,643**	**3,714**	**1,272,477**

Oil price risk
The majority of the Group's trading activities is back-to-back trading of bunker products with delivery on short notice (so called spot trading), where sale and purchases are made simultaneously. This eliminates the oil price risk as there are no open positions in such transaction. The same is the case when the Group enters into fixed price agreements with customers for delivery of bunker products on future dates.

Here the oil price exposure of such contracts is hedged to mitigate any oil price risk arising.

When it comes to physical activities the Group possesses stocks of oil as the bunker products are bought in larger quantities and stored for blending and resale. The oil price risk arising from these oil price stocks is mitigated by entering into hedge agreements and only a small risk is allowed for each company involved in physical activities - this risk is allowed for operational reasons.

The overall risk limit set in the policy is defined by a maximum net open (unhedged) position for the Group and for the individual companies involved in physical exposure having a limit for open oil-price-risk. The sensitivity of the consolidated net open position is calculated every day on a 1 day Value-at-Risk basis, based on a confidence level of 95% and 500 days of historical observations. Measured on these terms Value-at-Risk was respectively USD 0.1 million and USD 0.2 million for 2019/20 and 2018/19.

NOTE 11 — FINANCIAL RISKS (CONTINUED)

Oil price risk (continued)
The Group is exposed to oil price risk arising from future purchases and sales of bunkers and from bunker inventories. The Group regularly enters into financial derivatives to hedge this risk. The risk is measured as the net open position until December 2023.

The company designates the spot component of oil futures and swaps as the hedging instrument. The changes in the forward element that relate to the hedged item ('aligned forward element') is deferred in the costs of hedging reserve and recognised against the related hedged transaction when it occurs. The forward element relates to the respective hedged item if the critical terms of the forward or swap are aligned with the hedged item.

Any residual time value and forward points (the non-aligned portion) are recognised in the income statement. During the years ending 30 April 2020 and 2019, the company did not have any hedging instruments with terms which were not aligned with those of the hedged items.

The spot component of forward contracts is determined with reference to relevant spot market prices. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward point.

The effects of applying hedge accounting on the company's financial position and performance are as follows:

	2019/20	2018/19
Oil futures and swaps hedging future sales of oil		
Notional amount (MT)	105,641	19,367
Carrying amount, assets (USD'000)	0	0
Carrying amount, liabilities (USD'000)	3,630	0
Maturity dates	May '20-Dec '21	May '19-Dec '19
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 May (USD'000)	0	156
Change in value of hedged item used to determine hedge effectiveness (USD'000)	0	156
Weighted average hedge price per metric tonne including forward points (USD)	271,11	629.26

The carrying amount of USD 0.0 million (2018/19: USD 0.2 million) has been netted with carrying amount of the oil futures and swaps hedging futures purchase of oil. Net carrying amount is USD 0.0 million (2018/19: USD 0.0 million).

	2019/20	2018/19
Oil futures and swaps hedging future purchases of oil		
Notional amount (MT)	-9,588	-27,367
Carrying amount, assets (USD'000)	0	0
Carrying amount, liabilities (USD'000)	12	28
Maturity dates	May '20	May '19-Dec '19
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 May (USD'000)	-12	-184
Change in value of hedged item used to determine hedge effectiveness (USD'000)	-12	-184
Weighted average hedge price per metric tonne included forward points (USD)	235,45	631,29

The carrying amount of USD 0.0 million (2018/19: USD -0.2 million) has been netted with carrying amount of the oil futures and swaps hedging futures sales of oil. Net carrying amount is USD 0.0 million (2018/19: USD 0.0 million)

	2019/20	2018/19
Oil futures and swaps hedging inventory		
Notional amount (MT)	-292,532	-150,300
Carrying amount, assets (USD'000)	15,129	0
Carrying amount, liabilities (USD'000)	0	3,521
Maturity dates	May'20 -Dec '23	May '19-Jun '19
Hedge ratio	1:1	1:1
Change in discounted spot value of outstanding hedging instruments since 1 May (USD'000)	15,128	-3,653
Change in value of hedged item used to determine hedge effectiveness (USD'000)	15,128	-3,653
Weighted average hedge price per metric tonne included forward points (USD)	288,47	512.08

NOTE 11 — FINANCIAL RISKS (CONTINUED)

Hedging reserve

USD'000	**2019/20**	2018/19
Cash flow hedging reserve		
Fair value 1 May	-132	-191
Fair value changes deferred for the year	-16,941	1,202
Reclassified to sales	5,623	-168
Reclassified to costs of goods sold	72	-975
Fair value 30 April	**-11,378**	**-132**
Cost of hedging reserve		
Fair value 1 May	2,013	8,326
Fair value changes deferred for the year	-13,691	-2,610
Reclassified to sales	0	0
Reclassified to costs of goods sold	-2,039	-3,703
Fair value 30 April	**-13,717**	**2,013**
Total of hedging reserve		
Fair value 1 May	1,881	8,135
Fair value changes deferred for the year	-30,632	-1,408
Reclassified to sales	5,623	-168
Reclassified to costs of goods sold	-1,997	-4,678
Fair value 30 April	**-25,095**	**1,881**

NOTE 12 — EQUITY

The share capital consists of 100,100 shares of DKK 100 (equivalent USD 17.8) at the historical exhange rate of 5.6141 corresponding to USD 1,781k

The Board of Directors proposes a dividend to the shareholders of USD 0 per share. Dividend paid to the shareholders in 2018/19 was USD 625 per share – a total on USD 62,517k

NOTE 13 — UNRECOGNISED ITEMS

Assets pledged as security

USD'000	**2019/20**	2018/19
Security		
Carrying amount of land and buildings provided as security for debt to mortgage credit institutes	**13,906**	**13,408**

Contingent Liabilities and Contingent assets
The Group's Danish legal entities are jointly and severally liable for the tax on the Group's jointly taxed income. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.

Bunker Holding Group is involved in a legal dispute where the State Prosecutor for Serious Economic and International Crime in Denmark (SØIK) has filed preliminary charges of a potential sanction breach. The Group considers the preliminary charges as unsubstantiated.

Change of control
The bank borrowings are committed and unsecured (no pledge of assets) and are subject to change-of-control clause.

Operating lease commitments
The group leases various offices, vehicles, barges and storage facilities under non-cancellable operating leases expiring within three months to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. From 1 May 2019, the group has recognised right-of-use assets for these leases, except for shortterm and low-value leases, see note 7 and note 16 for further information.

USD'000	**2019/20**	2018/19
Within one year	17,853	33,258
Between one and five years	0	17,001
After five years	0	864
Total Lease	**17,853**	**51,123**
Lease expenses in the income statement	**41,115**	**41,786**

Capital Commitments
At 30 April 2020 the Group had no material capital commitments (30 April 2019: no material capital commitment).

Events occurring after the reporting period
No events have occurred since the balance sheet date which could materially affect the Group's financial position.

NOTE 14 — OTHER INFORMATION

Fees to auditors

USD'000	2019/20	2018/19
PricewaterhouseCoopers		
Audit	866	731
Assurance engagements	1	1
Tax services	312	674
Other services	503	71
RSM		
Audit	0	200
Assurance engagements	0	0
Tax services	0	93
Other services	0	3
Other		
Audit	279	208
Assurance engagements	24	9
Tax services	577	62
Other services	296	261
Total fee for the year	**2,858**	**2,313**

Related parties
Related parties are defined as parties with control or significant influence, including Group Companies.

Bunker Holding A/S is included in the Consolidated Financial Statements of the immediate Parent Company, A/S United Shipping & Trading Company.

Controlling interest is exercised through the Company's immediate Parent Company, A/S United Shipping & Trading Company. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

Other related parties comprise the Board of Directors and the Executive Board.

Associated companies
Bunker Holding holds ownership interests in 2 associate companies (2018/19: 2). The Group's share of associates' profit for the year amounted to USD 2,0 million (2018/19: USD 1.6 million). The carrying amount of the investment was USD 7.3 million at 30 April 2020 (30 April 2019: USD 5.3 million)

Transactions with related parties

The following transactions occurred with related parties:

USD'000	Parent company	Sister companies	Associated companies	Key management
2019/20				
Income statement				
Revenue	0	43,729	6,290	0
Operation costs	0	-9,992	-1,603	0
Other external expenses	-3,202	-2,767	0	-9,480*
Financial, net	0	0	498	0
Assets				
Trade receivables	9	993	487	0
Loan deposits	0	0	8,748	0
Liabilities				
Trade payables	-27	-177	-59	0
Dividend paid	-62,517	0	0	0
2018/19				
Income statement				
Revenue	0	44,672	2,092	0
Cost of goods sold	0	-9,774	-2,648	0
Other external expenses	-2,244	-3,226	0	-6,203*
Financial, net	0	0	649	0
Assets				
Trade receivables	0	137	81	0
Load deposits	0	0	13,612	0
Liabilities				
Trade payables	952	-572	-37	0
Dividend paid	0	0	0	0

* Comprises of remuneration

NOTE 15 — SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, Management makes various significant accounting estimates and judgements that affect the reported amounts and disclosures in the statements and in the notes to the financial statements. These estimates are based on professional judgement, historical data and other factors that management considers appropriate under the given circumstances, but which are inherently uncertain or unpredictable. Such assumptions may be incomplete or inaccurate, and unexpected events or circumstances may occur. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Risk factors specific to Bunker Holding Group are described in the Management´ s review. By their nature, however, estimates include a degree of uncertainty, and actual results may deviate from the estimates at the reporting date. Estimates are continuously evaluated, and the effects of any changes are recognised in the relevant period. Management regards the following as the key accounting estimates and judgements used in the preparation of the consolidated financial statements:

Purchasing Price Allocation for acquisition of businesses

For acquisitions of entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the acquisition method. The most significant assets acquired generally comprise goodwill, customer contracts, trademarks, other non-current assets and receivables.

No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently.

Goodwill

The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units, the cash-generating units that already existed in the Group and the allocation of goodwill. The allocation of goodwill is based on the expected future cash flows for the business.

The present value of expected future cash flows (value in use) is based on budgets and business plans. Key parameters are annual growth rate in the first five years, EBIT-margin and growth expectations for the following years.

As the risk associated with cash flows is not included in the expected cash flows for newly acquired entities, the expected future cash flows are discounted using a WACC rate. Management believes that the purchase price accounted for in the consolidated financial statements reflects the best estimate of the total fair value of the business.

Determining whether goodwill is impaired requires a comparison of the recoverable amount with the carrying amount. The recoverable amount is determined as the net present value of the future cash flows expected to arise from the cash-generating unit to which goodwill is allocated.

Trademarks

The value of the trademarks acquired and their expected useful life are assessed based on the trademarks' market position, expected long-term developments and the trademarks' profitability. The estimated value of acquired trademarks includes all future cash flows associated with the trademarks using the relief from royalty method. For most entities acquired, there is a close relationship between trademarks and sales.

Customer agreements and portfolios

In business combinations, the value of acquired customer agreements and customer portfolios is assessed based on the value of repeat customers who buy the Group´ s products. The current repeat customers have substantial value due to future revenue via additional purchases of products with a minimum sales effort as a result of established relationships. These relationships are defined as customer relationships. The valuation method applied is based on a capitalised value of future cash flows attributable to the customers based upon expected future mortality dispersion function and deducted with cost of goods sold, related expenses and corporate income taxes.

Impairment Test

Management's assessment of indication of impairment is based on the cash-generating units (CGUs). If there are indications that the carrying amount of assets exceeds the value of future cash flows from the assets (recoverable amount), an impairment test must be carried out. The recoverable value is calculated as the highest value of the net selling price (fair value less selling costs) and the value in use at continued use.

The impairment test is carried out within the Group's CGUs. The impairment test is conducted by estimating the recoverable amount at value in use calculated as the present value of the total expected cash flows within the CGU. If the value in use is lower than the carrying amounts of the assets in the CGU, the assets are written down by first reducing the value of any goodwill allocated to the CGU and then pro rata reducing the value of the other assets of the CGU on the basis of the carrying amount of each asset. The assets are not written down to a lower amount than the individual assets' net selling price.

Trade Receivables

Trade receivables are measured at amortised cost less write-down for estimated bad debt losses. Impairment losses are based on an individual review of the need for impairment based on customers' creditworthiness and expected ability to pay, customer insolvency or anticipated insolvency, and past due amounts. Write-downs are also considered on a portfolio level. In assessing the adequacy of write-downs for bad debt losses, Management specifically analyses receivables, including doubtful debts, concentrations of credit risk, credit ratings, current economic conditions and changes in customers' payment behaviour.

The specific amount provided for as bad debt is estimated based on a specific assessment of the customers. In this assessment, professional judgement is used, and options such as taking collateral are taken into consideration.

NOTE 16 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation
The Consolidated financial statements for 2019/20 for Bunker Holding A/S have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act. The Consolidated financial statements are also in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The Board of Directors and the Executive Board have on 25 June 2020 considered and adopted the annual report for 2019/20, which will be presented for adoption by the shareholders at the Company's Annual General Meeting on 25 June 2020.

New and amended standards
The Group has applied new and amended standards and interpretations which are effective for accounting periods beginning on 1 May 2019. The following standards and amendments are relevant for the Group and have had impact on the Group's accounting policies:

IFRS 16, leases
The Group has applied IFRS 16 retrospectively using the simplified approach, i.e. the effect of initially applying the standard has been recognised in the opening balance sheet as of 1 May 2019, and comparative information has not been restated. The Group has applied the following exemptions:

- Short term leases are not capitalised
- Leases of low value are not capitalised
- Management has applied hindsight when determining the lease term
- A single discount rate has been applied for all leases

The incremental borrowing rate has been applied as the discount rate.

Reconciliation to operating lease commitments disclosed in the 2018/2019 financial statements:

Operating lease commitments disclosed as at 30 April 2019	51.123
(Less): short-term leases not recognised as a liability	-25.179
Lease liability recognised as at 1 May 2019	**25.944**
Of which are:	
Current lease liabilities	9.591
Non-current lease liabilities	16.353
	25.944

The right of use asset has been recognised at the same amount.

Other standards and interpretations effective for accounting periods beginning on 1 May 2019 have either not had any significant impact on the accounting policies or are not relevant.

Basis of measurement
Amounts in the Annual Report are presented in thousands of United States Dollar (USD), unless otherwise stated. The Annual Report has been prepared under the historical cost convention with the exception of derivative financial instruments and acquisition opening balances, which are measured at fair value. The accounting policies described in the notes have been applied consistently to the financial year and the comparative figures.

Consolidation
The consolidated financial statements include the parent company Bunker Holding A/S and subsidiaries controlled by Bunker Holding A/S.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements are prepared by consolidating items of a uniform nature. In the consolidation, intercompany income and costs, balances, dividends and intercompany gains and losses are eliminated. The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

Foreign currency translation
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in USD, which is the Group's presentation currency and the functional currency of the parent company and in all material aspects all other of the Group's entities. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in financial items.

The results and financial position of all of the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; income and costs for each income statement are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

Materiality in Financial Reporting
In preparing the Annual Report, Management seeks to improve the information value of the consolidated financial statements, notes to the statements and other measures disclosed by presenting the information in a way that supports the understanding of the Group's performance in the reporting period.

This objective is achieved by presenting fair transactional aggregation levels on line items and other financial information, emphasising information that is considered of material importance to the user and making relevant rather than generic descriptions throughout the Annual Report. All disclosures are made in compliance with the International Financial Reporting Standards, Danish Financial Statements Act and other relevant regulations, ensuring a true and fair view throughout the Annual Report.

Rights-of-use asset
The Group recognizes a right-of-use asset and a lease liability at the commencement date for contracts conveying the right to control the use of an identified assets for a period of time. The

NOTE 16 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:
- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

Contracts with a duration of one year and contracts where the underlying value of the individual assets is low is not capitalised.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:
- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as e.g. sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognized directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

Income Statement

Revenue
Revenue comprises the sale of goods and services. Revenue is recognized if a binding sales agreement has been made, and - payment has been received or is with reasonable certainty expected to be received.

Sales of fuel products is recognised upon passing of control over the fuel to the customer which generally coincides with passing of legal title, delivery and acceptance of the goods sold.

Revenue from arranging sales is recognized when the right to the arrangement fee has been obtained.

Revenue is measured at the consideration agreed net of discounts, returns and value added taxes.

Revenue includes fair value gains and losses net related to commodity derivatives.

Cost of goods sold
Cost of goods sold include expenses for the purchase of goods for resale.

Other external expenses
Other external expenses include staff expenses and expenses for sales, administration as well as the running of office facilities, etc.

Share of profit/loss in associated companies
Share of profit or loss in associated companies is recognised net of tax and corrected for the share of unrealised intra-group gains and losses.

Financial income and expenses
Financial income and expenses comprises interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Corporation tax
Tax comprises an estimate of current and deferred income tax as well as adjustments to previous years of those. The tax attributable to the profit for the 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.

Bunker Holding A/S is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Statement of comprehensive income
Other comprehensive income consists of income and costs not recognised in the income statement, including exchange rate adjustments arising from the translation from functional currency to presentation currency, fair value adjustments of other equity investments and cash flow hedges.

Bunker Holding A/S's share of other comprehensive income in associated companies and joint ventures is also included.

Other comprehensive income includes current and deferred income tax to the extent the items recognised in other comprehensive income are taxable or deductible.

Balance Sheet

Intangible assets
Intangible assets is 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. Trademarks are amortised over a useful life of 3 years. IT development and software are amortised over a useful life of 3-5 years. Customer relations are amortised over a useful life of 5 years.

Property, plant and equipment
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Land is measured at cost. No depreciation is made on land.

NOTE 16 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest paid on loans raised for indirect or direct financing or production of property, plant and equipment is recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets:

Buildings are amortised over a useful period of 20-50 years. Other fixtures and fittings, tools and equipment are amortised over a useful time of 3-10 years.

Estimated useful lives and residual values are reassessed on a regular basis. Scrap values are reassessed yearly.

Gains and losses on sale of property, plant and equipment are recognised in the income statement under Other operating income and Other external expenses, respectively.

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.

Impairment losses are recognised when the carrying amount of an asset or a cash-generating unit exceeds the higher of the estimated value in use and fair value less costs of disposal. Goodwill is attributed to cash-generating units on acquisition and impaired before other assets.

Intangible assets and property, plant and equipment are tested for impairment, if there is an indication of impairment.

However, annual impairment tests are carried out for goodwill and other intangible assets with indefinite useful lives.

Investments in associates and joint ventures
Investments in associated companies and joint ventures are recognised at Bunker Holding's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of associated companies and is therefore subject to an impairment test together with the investment as a whole. Impairment losses are reversed to the extent the original value is considered recoverable.

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 in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost price of inventories whose fair value is effectively hedged from derivative financial instruments is adjusted for the change in fair value attributable to the hedged risk.

The cost of goods for resale, raw materials and consumables equals landing cost.

Receivables
Receivables are measured in the balance sheet at the amount initially recognised less the expected lifetime credit loss. Provisions for bad debts are determined on the basis of an individual assessment of each receivable in combination with an assessment on a portfolio level based on current and expected future economic conditions.

Deferred tax assets and liabilities
Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities
Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year and adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities
Fixed-interest loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period. Other debts are measured at amortised cost, substantially corresponding to nominal value.

Minority interests
Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries is included as part of Bunker Holding's profit and equity respectively, but shown as separate items.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at fair value. Any difference between the transaction price and fair value determined when applying a valuation model, which is not solely based on observable market data is deferred and recognised over the term of the contract.

Derivative financial instruments are subsequently remeasured at their fair values. Derivative financial assets and liabilities and related collateral payable and receivable are presented net if the company has both a current legally enforceable right to set off the recognised amounts and intends to settle net. Net amounts of positive and negative fair values of derivative financial instruments are presented in separate line items in the balance sheet.

Fair value of OTC oil derivative contracts is determined on the basis of generally applied forward and option pricing models. Inputs to the models are to the extent possible determined on the basis of observable prices for the underlying products. For contracts where the most significant input is unobservable, Management estimates the input.

NOTE 16 — SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The contracts entered into as of 30 April 2019 comprise commodity derivatives. The net amount of fair value gains and losses related to commodity derivatives is presented as gross profit.

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 financial instruments that are designated and qualify as hedges of highly probable future transactions are recognised in other comprehensive income and presented in a separate reserve within 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 regard the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement. The Group applies the “cost of hedge” approach to certain hedge relationships. For hedges to which this approach is applied, changes in forward points and option premiums are recognized in other comprehensive income and classified in a separate reserve within equity. For cash flow hedges, the amount is transferred to the income statement along with the hedged items. For fair value hedges, the amount is transferred to the income statement on a systematic basis over the term of the hedge.

Business combinations
Upon acquisition of new entities, the acquired assets, liabilities and contingent liabilities are measured at fair value at the date control was achieved using the acquisition method. Identifiable intangible assets are recognised if they arise from a contractual right or can otherwise be separately identified. The difference between the fair value of the acquisition cost and the fair value of acquired identifiable net assets is recognised as goodwill. Any subsequent changes to contingent acquisition costs are recognised as other income or other costs in the income statement. Transaction costs are recognised as operating costs as they are incurred. When Bunker Holding Group ceases to have control of a subsidiary, the value of any retained investment is re-measured at fair value and the value adjustment is recognised in the income statement as gain (or loss) on sale of non-current assets. The effect of the purchase and sale of non-controlling interests without changes in control is included directly in equity.

Cash flow statement
Cash flow from operating activities is presented according to the indirect method based on EBIT, adjusted for depreciation, non-cash operating movements, net interests, changes in working capital and income taxes paid.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise the items “Cash and cash equivalents” under current assets.

The cash flow statement cannot be immediately derived from the published annual report.

Definition of financial ratios

Gross margin = $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Return on equity = $\frac{\text{EAT x 100}}{\text{Average equity}}$

Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$

Solvency ratio = $\frac{\text{Equity at year end x 100}}{\text{Total assets}}$

Number of employees = Employees and rented crew on vessels reported as annualised numbers

Standards and interpretations not yet applied
IASB has issued the following new or amended standards which are not yet effective and which are relevant for the Group:

- Amendments to IAS 1 and IAS 8: Definition of Material (EU endorsed)
- Amendments to IFRS 3 Business Combinations – definition of a business
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The amendments are effective for accounting periods beginning on or after 1 May 2020. The amendments are not expected to have any significant impact on the Group’s accounting policies.

PARENT COMPANY FINANCIAL STATEMENTS

INCOME STATEMENT

USD'000	Note	**2019/20**	2018/19
Other operating income		45,934	33,473
Other external expenses		-29,812	-27,876
Staff costs	17	-36,003	-24,840
Depreciation and amortisation	18	-1,062	-618
Earnings before interest and tax (EBIT)		**-20,943**	**-19,861**
Profit from investments in group enterprises and associates		144,118	77,592
Financial income	19	27,982	26,941
Financial expenses	20	-31,873	-28,939
Earnings before tax (EBT)		**119,284**	**55,733**
Corporation tax	21	5,271	4,633
Earnings after tax (EAT)		**124,555**	**60,366**

BALANCE SHEET AT 30 APRIL

USD'000	Note	2019/20	2018/19
Software		7,166	4,253
Intangible assets	23	**7,166**	**4,253**
Fixtures and fittings, tools and equipment		429	664
Property, plant and equipment	24	**429**	**664**
Investments in subsidiaries		366,538	311,002
Investments in associates		7,317	5,317
Fixed asset investments	25	**373,855**	**316,319**
Fixed assets		**381,450**	**321,236**
Trade receivables		4	2
Receivables from group enterprises		663,271	564,633
Receivables from associates		8,789	13,620
Prepayments		7,127	898
Other receivables	26	1,911	6,069
Dividends receivable		425	450
Corporation tax		6,898	5,180
Receivables		**688,425**	**590,852**
Cash at bank and in hand		**50,536**	**56,512**
Current assets		**738,961**	**647,364**
Assets		**1,120,411**	**968,600**

USD'000	Note	2019/20	2018/19
Share capital		1,781	1,781
Reserve for net revaluation under the equity method		126,091	72,397
Other reserves		7,166	4,253
Retained earnings		223,905	242,905
Equity	27	**358,943**	**321,336**
Deferred tax	28	1,614	1,018
Provisions		**1,614**	**1,018**
Credit Institutions		3,135	110,000
Long-term debt		**3,135**	**110,000**
Credit institutions		249,000	290,074
Trade payables		1,774	1,753
Payables to group enterprises		476,290	226,292
Other payables		29,656	18,127
Short-term debt		**756,720**	**536,246**
Total debt		**756,720**	**646,246**
Liabilities and equity		**1,120,411**	**968,600**
Proposed distribution of profit	22		
Guarantees, securities and contingent liabilities	29		
Related parties	30		
Fees to auditors	31		
Accounting policies	32		

STATEMENT OF CHANGES IN EQUITY

USD'000	Share capital	Reserve under the equity method	Other reserves	Retained earnings	**Total equity**
2019/20					
Equity at 1 May	1,781	72,397	4,253	242,905	321,336
Dividend paid	0	0	0	-62,517	-62,517
Earnings after tax (EAT) for the year	0	76,533	2,913	45,109	124,555
Fair value adjustment of derivative financial instruments	0	0	0	-1,226	-1,226
Other adjustments	0	-22,839	0	-366	-23,206
Equity at 30 April	**1,781**	**126,091**	**7,166**	**223,905**	**358,943**
2018/19					
Equity at 1 May	1,781	59,143	3,086	191,865	255,875
Capital increase	0	0	0	10,027	10,027
Earnings after tax (EAT) for the year	0	18,036	1,167	41,163	60,366
Fair value adjustment of derivative financial instruments	0	0	0	-118	-118
Other adjustments	0	-4,782	0	-32	-4,814
Equity at 30 April	**1,781**	**72,397**	**4,253**	**242,905**	**321,336**

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NOTE 17 — STAFF COSTS

USD'000	**2019/20**	2018/19
Wages and salaries	34,670	23,807
Pensions	1,049	853
Other social security expenses	284	180
Total	**36,003**	**24,840**
Number of employees	**142**	**121**
Salaries and remuneration to the Executive and Supervisory Boards amount to:	**9,480**	**6,203**

NOTE 18 — DEPRECIATION AND AMORTISATION

USD'000	**2019/20**	2018/19
Software	580	382
Fixtures and fittings, tools and equipment	286	236
Impairment losses	196	0
Total	**1,062**	**618**

NOTE 19 — FINANCIAL INCOME

USD'000	**2019/20**	2018/19
Interest group enterprises	26,511	25,847
Interest associates	498	649
Interest other	973	445
Total	**27,982**	**26,941**

NOTE 20 — FINANCIAL EXPENSES

USD'000	**2019/20**	2018/19
Interest group enterprises	7,798	8,233
Interest other	24,075	20,706
Total	**31,873**	**28,939**

NOTE 21 — TAXES

USD'000	2019/20	2018/19
Current tax for the year	5,904	4,865
Tax concerning previous years	-37	-6
Deferred tax	-596	-226
Total tax for the year	**5,271**	**4,633**
Which is specified as follows:		
Tax on profit for the year	6,242	4,897
Tax concerning previous years	-37	-6
Deferred tax	-596	-226
Tax on equity transactions	-338	-32
Total tax for the year	**5,271**	**4,633**

NOTE 22 — PROPOSED DISTRIBUTION OF PROFIT

USD'000	2019/20	2018/19
Extraordinary dividend	-62,517	0
Reserve for net revaluation under the equity method	76,533	18,036
Other reserves	2,913	1,167
Retained earnings	107,626	41,163
Earnings after tax (EAT)	**124,555**	**60,366**

NOTE 23 — INTANGIBLE ASSETS

USD'000	IT development and software
2019/20	
Cost at 1 May	4,927
Additions	3,846
Disposals	-157
Cost at 30 April	**8,616**
Amortisation at 1 May	-674
Amortisation	-580
Impairment losses	-196
Amortisation at 30 April	**-1,450**
Carrying amount at 30 April	**7,166**
2018/19	
Cost at 1 May	3,378
Additions	2,382
Disposals	-833
Cost at 30 April	**4,927**
Amortisation at 1 May	-292
Amortisation	-382
Amortisation at 30 April	**-674**
Carrying amount at 30 April	**4,253**

NOTE 24 — PROPERTY, PLANT AND EQUIPMENT

USD'000	Fixtures and fittings, tools and equipment
2019/20	
Cost at 1 May	910
Additions	51
Cost at 30 April	**961**
Depreciation at 1 May	-246
Depreciation	-286
Depreciation at 30 April	**-532**
Carrying amount at 30 April	**429**
2018/19	
Cost at 1 May	650
Additions	260
Cost at 30 April	**910**
Depreciation at 1 May	-10
Depreciation	-236
Depreciation at 30 April	**-246**
Carrying amount at 30 April	**664**

NOTE 25 — INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

USD'000	Investments in subsidiaries	Investments in associates
Cost at 1 May	238,605	1,886
Additions	1,842	0
Cost at 30 April	**240,447**	**1,886**
Value adjustments at 1 May	72,397	3,431
Exchange rate adjustment	-22,839	0
Share of profit for the year	142,118	2,000
Dividend	-65,585	0
Value adjustments at 30 April	**126,091**	**5,431**
Carrying amount at 30 April	**366,538**	**7,317**
Positive differences arising on initial measurement of subsidiaries at net asset value	**0**	**0**

NOTE 25 — INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (CONTINUED)

The Parent Company's investments in subsidiaries and associates comprise:

Name	Country	Ownership
South American Bunkers S.A.	Argentina	100%
Dan-Bunkering (Australia) Pty Ltd.	Australia	100%
Bunker One Combustiveis E Lubrificantes Ltda.	Brazil	100%
Nova Offshore Navegacao Ltda	Brazil	100%
Amoil International Ltd.	British Virgin Islands	100%
South African Bunkering & Trading Ltd.	British Virgin Islands	100%
Glander International Bunkering (Montreal) Ltd.	Canada	100%
KPI Bridge Oil Ltd.	Cayman Island	100%
Dan-Bunkering (Chile) SPA	Chile	100%
BMS United Bunkers (Cyprus) Ltd.	Cyprus	100%
Bunkernet Ltd.	Cyprus	100%
KPI Bridge Oil Cyprus Ltd.	Cyprus	100%
Kaeline Investment Ltd.	Cyprus	50%
A/S Dan-Bunkering Ltd.	Denmark	100%
BMS United Bunkers S.A. ApS	Denmark	100%
KPI Bridge Oil A/S	Denmark	100%
Unioil Supply A/S	Denmark	100%
Unioil Cargo A/S	Denmark	100%
A/S Global Risk Management Ltd. Holding	Denmark	100%
A/S Global Risk Management Ltd. Fondsmæglerselskab	Denmark	100%
Bunker Holding Estate A/S	Denmark	100%
USTC Administration ApS	Denmark	100%
Nordliq A/S	Denmark	33%
Bunker One (Germany) GmbH	Germany	100%
Dan-Bunkering Middle East DMCC	Dubai	100%
Glander International Bunkering DMCC	Dubai	100%
PSTV Energy DMCC	Dubai	100%
PSTV Energy FZE	Dubai	100%
KPI Bridge Oil Greece IKE	Greece	100%
BMS United Bunkers (Asia) Limited	Hong Kong	100%
Glander International Bunkering (India) Pvt Ltd.	India	100%

Name	Country	Ownership
PT. KPI Bridge Oil Indonesia	Indonesia	100%
Bunker Point Supply Ltd.	Israel	100%
Bunker One (Jamaica) Ltd.	Jamaica	100%
Suppleo Bunkering S DE RL DE CV	Mexico	100%
Dan-Bunkering (Monaco) S.A.M.	Monaco	100%
KPI Bridge Oil Rotterdam BV	Netherland	100%
Offshore Bunkering BV	Netherland	100%
Glander International Bunkering (Norway) AS	Norway	100%
Bunker One (Gulf of Mexico) S.A.	Panama	100%
BH Shared Service Center Pte. Ltd.	Singapore	100%
Bunker One (Singapore) Pte. Ltd.	Singapore	100%
Dan-Bunkering (Singapore) Pte. Ltd.	Singapore	100%
KPI Bridge Oil Singapore Pte Ltd.	Singapore	100%
Glander International Bunkering Pte. Ltd.	Singapore	100%
OBN 2016 Pte. Ltd.	Singapore	100%
Unicore Fuel Pte Ltd.	Singapore	100%
Global Risk Management Pte Ltd.	Singapore	100%
Amoil (Pty) Ltd.	South Africa	100%
South African Bunkering & Trading Pty. Ltd.	South Africa	100%
Glander International Bunkering Spain S.L.	Spain	100%
Bunker One (Sweden) AB	Sweden	100%
Glander International Bunkering (Geneva) Sarl	Switzerland	100%
KPI Bridge Oil Denizcllik ve Ticaret Ltd. Sti.	Turkey	100%
Bunker One (London) Ltd.	UK	100%
KPI Bridge Oil London Ltd.	UK	100%
Reniden S.A	Uruguay	100%
Dan-Bunkering (America) Inc.	USA	100%
KPI Bridge Oil, Inc.	USA	100%
Glander International Bunkering Inc.	USA	100%
Bunker One (USA) Inc.	USA	100%
LQM Holdings (Delaware) Inc.	USA	100%
LQM Petroleum Services LLC	USA	100%

Moreover, the Group owns enterprises without any business activity which are not included in the list.

NOTE 26 — OTHER RECEIVABLES

The item other receivables include adjustment of derivative financial instruments to fair value by net USD 331k. Stated on a gross basis, the asset amounts to USD 13,864k and the liability USD 13,533k.

USD 13,177k of the gross payables relates to group enterprises.

NOTE 27 — EQUITY

The share capital consists of 100,100 shares of DKK 100 (equivalent USD 17.8) at the historical exhange rate of 5.6141 corresponding to USD 1,781k.

NOTE 28 — DEFERRED TAX

USD'000	**2019/20**	2018/19
Deferred tax at 1 May	1,018	792
Change for the year	596	226
Total tax for the year	**1,614**	**1,018**

Deferred tax relates to intangible assets and property, plant and equipment.

NOTE 29 — GUARANTEES, SECURITIES AND CONTINGENT LIABILITIES

USD'000	**2019/20**	2018/19
Guarantees		
The Parent Company has issued a guarantee for the liabilities of the subsidiaries	1,037,466	791,583
At the balance sheet date, the following has been applied of the guarantee commitment	189,891	248,645
At the balance sheet date, no other guarantees or security has been provided		
Lease and rent obligations		
Lease and rent obligations	816	847
Contingent liabilities		
The Group's Danish companies are jointly and severally liable for the tax on the Group's jointly taxed income etc. Total accrued corporation tax appears from the Annual Report of Selfinvest ApS which acts as management company in the jointly taxed group. Moreover, the Group's Danish enterprises are jointly and severally liable for Danish withholding tax. Any subsequent adjustments to the corporation tax or withholding tax may result in an increase of the Company's liability.		
Bunker Holding is involved in a legal dispute where the State Prosecutor for Serious Economic and International Crime in Denmark (SØIK) has filed preliminary charges of a potential sanction breach. Bunker Holding considers the preliminary charges as unsubstantiated.		

NOTE 30 — RELATED PARTIES

Related parties are defined as parties with control or significant influence, including Group Companies.

With reference to section 98 C (7) of the Danish Financial Statements Act, related party transaction details are not disclosed.

The Company is included in the Consolidated Financial Statements of the immediate Parent Company, A/S United Shipping & Trading Company, Middelfart, Denmark.

Controlling interest is exercised through the Company's immediate Parent Company, A/S United Shipping & Trading Company. The Company's ultimate Parent Company which prepares Consolidated Financial Statements is Selfinvest ApS, in which Torben Østergaard-Nielsen, CEO, exercises control.

Other related parties comprise the Board of Directors and the Executive Board.

NOTE 31 — FEES TO AUDITORS

USD'000	**2019/20**	2018/19
PricewaterhouseCoopers		
Audit	79	65
Tax services	4	37
Other services	452	48
Total fees for the year	**535**	**150**

NOTE 32 — ACCOUNTING POLICIES

Basis of Preparation

The Annual Report of Bunker Holding A/S for 2019/20 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 previous years.

The Financial Statements have been prepared based on the the same accounting policies as the group with below exceptions:

Share of profit/loss in subsidaries

Share of profit or loss in subsidaries is recognised net of tax and corrected for the share of unrealised intra-group gains and losses.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation.

The period of amortisation of goodwill is longest for enterprises acquired for strategic purposes with a strong market position and a long earnings profile.

Amortisation based on cost is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Goodwill max. 20 years
Software 3-5 years

Scrap values are yearly reassessed.

Investments in subsidaries

Investments in subsidaries are recognised at Bunker Holding's share of the equity value inclusive of goodwill less any impairment losses. Goodwill is an integral part of the value of subsidaries and is therefore subject to an impairment test together with the investment as a whole. Impairment losses are reversed to the extent the original value is considered recoverable.

Dividend

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

MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today presented and adopted the Annual Report of Bunker Holding A/S for the financial year 1 May 2019 - 30 April 2020.

The consolidated financial statements for Bunker Holding A/S have been prepared in accordance with the International Financial Reporting Standards (IFRS).

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 April 2020 and of the results of Company operations for the financial year.

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

Middelfart, 25 June 2020

EXECUTIVE BOARD

Keld Rosenbæk Demant
CEO

Michael Krabbe
CFO

Christoffer Berg Lassen
CCO

BOARD OF DIRECTORS

Torben Østergaard-Nielsen
Chairman

Morten Hultberg Buchgreitz

Klaus Nyborg
Deputy Chairman

Peter Frederiksen

Peter Appel

Torben Janholt

Peter Korsholm

Mia Østergaard Nielsen

INDEPENDENT AUDITOR'S REPORT

– TO THE SHAREHOLDER OF BUNKER HOLDING A/S

Opinion
In our opinion, the Group's Consolidated Financial Statements give a true and fair view of the Group's financial position at April 2020 and of the results of the Group's operations and cash flows for the financial year 1 May 2019 to 30 April 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 30 April 2020 and of the results of the Parent Company's operations for the financial year 1 May 2019 to 30 April 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Bunker Holding A/S for the financial year 1 May 2019 to 30 April 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statements of comprehensive income and cash flow statement for the Group ("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 Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review. Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act. Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Trekantområdet, 25 June 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Gert Fisker Tomczyk	**Henrik Forthoft Lind**
State Authorised Public Accountant	State Authorised Public Accountant
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CVR No: 75 26 63 16
Financial year: 1 May - 30 April
Municipality of reg. office: Middelfart, Denmark