TriKap A/S

Nyhavn 47, 2, DK-1051 Copenhagen K

Annual Report for 2024

CVR No. 41 85 33 36

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/3 2025

Renè Breyen-Mikkelsen
Chairman of the general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of TriKap A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Hellerup, 18 March 2025

Executive Board

Renè Breyen-Mikkelsen
Manager

Board of Directors

Marc Lyngaae Slinger	Uffe Eckardt Hansen	Renè Breyen-Mikkelsen

Independent Auditor's report

To the shareholders of TriKap A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TriKap A/S for the financial year 1 January - 31 December 2024, 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 consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the 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 and 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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

Independent Auditor's report

Odense, 18 March 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant
mne27768

Claus Damhave
State Authorised Public Accountant
mne34166

Company information

The Company	TriKap A/S Nyhavn 47, 2 DK-1051 Copenhagen K CVR No: 41 85 33 36 Financial period: 1 January - 31 December Municipality of reg. office: København
Board of Directors	Marc Lyngaae Slinger Uffe Eckardt Hansen Renè Breyen-Mikkelsen
Executive Board	Renè Breyen-Mikkelsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal DK-5230 Odense M

Financial Highlights

Seen over a 4-year period, the development of the Group is described by the following financial highlights:

	Group			
	2024	2023	2022	2020/21
	TUSD	TUSD	TUSD	TUSD 13 months
Key figures				
Profit/loss				
Revenue	149,409	150,673	269,642	262,206
Profit/loss of primary operations	5,580	2,533	16,242	24,474
Profit/loss of financial income and expenses	346	606	-831	328
Net profit/loss for the year	4,788	2,551	12,973	20,136
Balance sheet				
Balance sheet total	21,143	24,936	36,980	41,008
Equity	12,507	13,362	18,392	20,699
Cash flows				
Cash flows from:				
- operating activities	5,337	-1,363	20,440	11,745
- investing activities	0	0	0	-1,599
- financing activities	-5,799	-7,800	-15,682	7,739
Change in cash and cash equivalents for the year	-462	-9,163	4,758	17,885
Number of employees	16	18	18	16
Ratios				
Gross margin	5.8%	3.6%	7.7%	11.3%
Profit margin	3.7%	1.7%	6.0%	9.3%
Return on assets	26.4%	10.2%	43.9%	59.7%
Solvency ratio	59.2%	53.6%	49.7%	50.5%
Return on equity	37.0%	16.1%	66.4%	194.6%

The calculation for ratios in % are made in accordance with the description under "Accounting policies"

Management's review

Key activities

The Group is an international operator of modern/eco dry bulk carriers within the Handysize and Supramax segments. The Group is operating worldwide but with a focus on the Atlantic basin. The company is operating in the spot market as well as the contract market with a preference towards short term contracts.

Development in the year

The income statement of the Group for 2024 shows a profit of TUSD 4,788, and at 31 December 2024 the balance sheet of the Group shows a positive equity of TUSD 12,507.

The Group operated in a global economy with modest growth, where the battle against inflation saw significant progress. Global trade volumes recovered, despite risk from rising protectionism and proposed tariffs. Dry bulk shipping had a dynamic year characterised by market resilience, strategic route adjustment due to geopolitical tensions and environmental factors such as the Red Sea disruptions and Panama Canal constraints. Overall, a robust financial performance in a year faced by significant market challenges including geopolitical tensions, policy uncertainties and structural issues in key economies.

The Group continues to maintain and develop its global presence through its subsidiaries and branches.

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

2024 was another profitable year for The Group, which it has been since the inception in 2016. The result is within the range expected by management as per outlook in the Annual Report for 2023.

Operating risks

The Group´s operational risks primarily relate to the vessels operated and cargo carried. The company is insured against potential environmental accidents as well as following IMO and underwrites recommendations when it comes to risk of piracy.

Our IT platform is continuously monitored, and best practices applied for security. External recurrent backups are in place together with recovery plans, which can be restored with minimum data loss and minimum operational downtime.

Market risks

Dry bulk shipping is historically a cyclical and volatile market reacting fast to changes in - and expectations off – current and future macro-economic factors and global supply and demand for dry bulk commodities. The fluctuating time charter hire rates, voyage charter freight rates and bunker prices can have significant impact on the company's earnings potential, position and volume. The physical bunker positions are hedged by using derivatives such as bunker swaps.

The Group manages its physical and paper portfolio in an integrated risk management system that combines both realized and unrealized position and value. This evaluates and facilitates daily commercial decision making and ensures that positions taken are based on calculated risk.

Foreign exchange risks

The Group predominantly operates with USD cash flow as freight and hire revenue are mainly in USD as well as hire and bunker cost. Foreign currency exposure is partly hedged using FX swaps especially concerning our global subsidiaries and branches.

Credit risks

Credit and Compliance risk is mitigated using a mixture of credit risk agencies, compliance screening companies and counterparties fixture history and industry references.

Management's review

Liquidity risks

The Group continually monitors the cash balance and future cash flow and ensures that adequate liquidity is always available not only to meet current obligations but also to allow engagement in new commercial opportunities.

Targets and expectations for the year ahead

The Group expects a profitable year with the adaptable business model in volatile market conditions. Investments in operating systems and risk management measures will continue in 2025. The result for 2025 is expected to be between USD'000 2,000-6,000.

Branches abroad

The Group has a branch in Norway, subsidiaries in Switzerland, Chile and Cyprus, and business partnerships in Greece and the USA.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2024 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Revenue		149,409	150,673	0	0
Other external expenses		-140,721	-145,237	-5	-2
Gross profit		**8,688**	**5,436**	**-5**	**-2**
Staff expenses	1	-3,108	-2,903	0	0
Profit/loss before financial income and expenses		**5,580**	**2,533**	**-5**	**-2**
Income from investments in subsidiaries		0	0	3,693	2,033
Financial income	2	551	663	56	16
Financial expenses	3	-205	-57	0	-1
Profit/loss before tax		**5,926**	**3,139**	**3,744**	**2,046**
Tax on profit/loss for the year	4	-1,138	-588	-11	-3
Net profit/loss for the year	5	**4,788**	**2,551**	**3,733**	**2,043**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Investments in subsidiaries	6	0	0	9,454	10,632
Fixed asset investments		**0**	**0**	**9,454**	**10,632**
Fixed assets		**0**	**0**	**9,454**	**10,632**
Finished goods and goods for resale		1,580	4,459	0	0
Inventories		**1,580**	**4,459**	**0**	**0**
Trade receivables		2,225	3,739	0	0
Receivables from group enterprises		0	0	16	0
Other receivables	7	246	23	213	0
Corporation tax		7	0	0	0
Corporation tax receivable from group enterprises		0	0	0	617
Prepayments	8	4,067	3,235	0	0
Receivables		**6,545**	**6,997**	**229**	**617**
Cash at bank and in hand		**13,018**	**13,480**	**90**	**103**
Current assets		**21,143**	**24,936**	**319**	**720**
Assets		**21,143**	**24,936**	**9,773**	**11,352**

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TUSD	TUSD	TUSD	TUSD
Share capital		71	71	71	71
Reserve for net revaluation under the equity method		-124	0	3,586	4,531
Reserve for hedging transactions		66	-55	0	0
Retained earnings		6,088	7,988	2,444	3,402
Proposed dividend for the year		3,660	2,700	3,660	2,700
Equity attributable to shareholders of the Parent Company		**9,761**	**10,704**	**9,761**	**10,704**
Minority interests		2,746	2,658	0	0
Equity		**12,507**	**13,362**	**9,761**	**10,704**
Other provisions	9	142	89	0	0
Provisions		**142**	**89**	**0**	**0**
Trade payables		3,244	4,668	0	0
Payables to group enterprises		0	0	0	427
Corporation tax		3	219	11	219
Other payables	7	2,868	1,018	1	2
Deferred income	10	2,379	5,580	0	0
Short-term debt		**8,494**	**11,485**	**12**	**648**
Debt		**8,494**	**11,485**	**12**	**648**
Liabilities and equity		**21,143**	**24,936**	**9,773**	**11,352**

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Statement of changes in equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	71	0	-55	7,988	2,700	10,704	2,658	13,362
Ordinary dividend paid	0	0	0	0	-2,700	-2,700	-1,200	-3,900
Extraordinary dividend paid	0	0	0	-2,100	0	-2,100	0	-2,100
Fair value adjustment of hedging instruments, beginning of year	0	0	73	0	0	73	18	91
Fair value adjustment of hedging instruments, end of year	0	0	84	0	0	84	25	109
Tax on adjustment of hedging instruments for the year	0	0	-36	0	0	-36	-8	-44
Other equity movements	0	0	0	-121	0	-121	322	201
Net profit/loss for the year	0	-124	0	321	3,660	3,857	931	4,788
Equity at 31 December	**71**	**-124**	**66**	**6,088**	**3,660**	**9,761**	**2,746**	**12,507**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	71	4,531	3,402	2,700	10,704
Ordinary dividend paid	0	0	0	-2,700	-2,700
Extraordinary dividend paid	0	0	-2,100	0	-2,100
Dividend from group enterprises	0	-3,488	3,488	0	0
Other equity movements	0	124	0	0	124
Net profit/loss for the year	0	2,419	-2,346	3,660	3,733
Equity at 31 December	**71**	**3,586**	**2,444**	**3,660**	**9,761**

Cash flow statement 1 January - 31 December

	Note	Group 2024	Group 2023
		TUSD	TUSD
Result of the year		4,788	2,551
Adjustments	11	792	-18
Change in working capital	12	816	-4,102
Cash flow from operations before financial items		**6,396**	**-1,569**
Financial income		551	663
Financial expenses		-205	-57
Cash flows from ordinary activities		**6,742**	**-963**
Corporation tax paid		-1,405	-400
Cash flows from operating activities		**5,337**	**-1,363**
Dividend paid		-6,000	-7,800
Disposal of capital shares		201	0
Cash flows from financing activities		**-5,799**	**-7,800**
Change in cash and cash equivalents		**-462**	**-9,163**
Cash and cash equivalents at 1 January		13,480	22,643
Cash and cash equivalents at 31 December		**13,018**	**13,480**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		13,018	13,480
Cash and cash equivalents at 31 December		**13,018**	**13,480**

1. Staff expenses

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Wages and salaries	3,008	2,710	0	0
Pensions	68	140	0	0
Other social security expenses	31	45	0	0
Other staff expenses	1	8	0	0
	3,108	**2,903**	**0**	**0**
Including remuneration to the Executive Board:				
Executive board	606	643	0	0
	606	**643**	**0**	**0**
Average number of employees	**16**	**18**	**0**	**0**

2. Financial income

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Interest received from group enterprises	0	0	16	0
Other financial income	551	645	32	16
Exchange gains	0	18	8	0
	551	**663**	**56**	**16**

3. Financial expenses

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Other financial expenses	60	57	0	1
Exchange loss	145	0	0	0
	205	**57**	**0**	**1**

4. Income tax expense

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Current tax for the year	1,211	697	11	3
Deferred tax for the year	0	44	0	0
Adjustment of tax concerning previous years	-29	-90	0	0
	1,182	**651**	**11**	**3**
thus distributed:				
Income tax expense	1,138	588	11	3
Tax on equity movements	44	63	0	0
	1,182	**651**	**11**	**3**

5. Profit allocation

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Extraordinary dividend paid	2,100	0	2,100	0
Proposed dividend for the year	3,660	2,700	3,660	2,700
Reserve for net revaluation under the equity method	-124	0	2,419	2,033
Minority interests' share of net profit/loss of subsidiaries	931	508	0	0
Retained earnings	-1,779	-657	-4,446	-2,690
	4,788	**2,551**	**3,733**	**2,043**

6. Investments in subsidiaries

	Parent company	
	2024	2023
	TUSD	TUSD
Cost at 1 January	1,300	1,300
Additions for the year	1,405	0
Disposals for the year	-325	0
Cost at 31 December	2,380	1,300
Value adjustments at 1 January	9,332	14,322
Net profit/loss for the year	3,693	2,033
Dividend to the Parent Company	-4,800	-7,200
Other equity movements, net	124	177
Other adjustments	-1,275	0
Value adjustments at 31 December	7,074	9,332
Carrying amount at 31 December	**9,454**	**10,632**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Trithorn Bulk Partners ApS	København K	87,5%
Trithorn Bulk A/S	København K	60%
Trithorn Bulk Chile SpA	Santiago, Chile	80%
Trithorn Bulk Switzerland Sárl	Bulle, Switzerland	80%
Trithorn Bulk Ltd	Larnaka, Cyprus	80%

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD

7. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	109	0	0	0
Liabilities	0	91	0	0

Forward exchange contracts have been concluded to hedge future cost of bunker at a fixed price. At the balance sheet date, the fair value of the forward exchange contracts amounts to USD 109k

8. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, time-charter hire.

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD

9. Other provisions

Provision for future loss on voyages	142	89	0	0
	142	**89**	**0**	**0**

The provisions are expected to mature within 1 year.

10. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2024	2023
	TUSD	TUSD

11. Cash flow statement - Adjustments

Financial income	-551	-663
Financial expenses	205	57
Tax on profit/loss for the year	1,138	588
	792	**-18**

12. Cash flow statement - Change in working capital

	Group	
	2024	2023
	TUSD	TUSD
Change in inventories	2,879	-3,060
Change in receivables	459	5,897
Change in other provisions	53	-1,026
Change in trade payables, etc	-2,775	-6,200
Fair value adjustments of hedging instruments	200	287
	816	**-4,102**

13. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2024	2023	2024	2023
	TUSD	TUSD	TUSD	TUSD
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	11,878	10,363	0	0
Between 1 and 5 years	720	0	0	0
	12,598	**10,363**	**0**	**0**

The Group has entered an agreement on lease of premises. The agreement can be terminated with 6 month notice. The total liability amounts to USD 20,2k, which are due within one year.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to USD 28k. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

14. Related parties

	Basis
Related parties	
Grupetto Sarl, Schweiz	Owner
RMI Invest ApS	Owner
Sandy Shores AS, Norge	Owner

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

There have been no such transactions.

15. Subsequent events

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

16. Accounting policies

The Annual Report of TriKap A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TUSD.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, TriKap A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

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

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

Hedge accounting

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

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

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

Segment information on revenue

Information on geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

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

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

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

Other external expenses

Other external expenses comprise time charter hire, bunker, premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. 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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Inventories

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

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

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

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

Receivables

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

Prepayments

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

Equity

Dividend

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

Provisions

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

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

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 ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity