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# ***Tern Skagen Management A/S***

Vestre Strandvej 10, DK-9990 Skagen

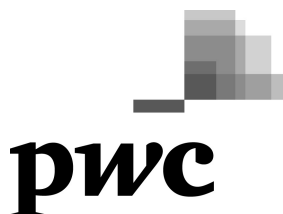
## **Annual Report for 1 September 2022 - 31 August 2023**

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CVR No 32 43 84 66

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
24/11 2023

Thomas Wilkens Andersen  
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 Tern Skagen Management A/S for the financial year 1 September 2022 - 31 August 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 August 2023 of the Company and of the results of the Company operations for 2022/23.

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

Skagen, 24 November 2023

## Executive Board

Jens Pedersen Buchhave

## Board of Directors

Arne Tryggve Möller  
Chairman

Thomas Wilkens Andersen

Jens Pedersen Buchhave

# Independent Auditor's Report

To the Shareholder of Tern Skagen Management A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 August 2023 and of the results of the Company's operations for the financial year 1 September 2022 - 31 August 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tern Skagen Management A/S for the financial year 1 September 2022 - 31 August 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements 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.

## Independent Auditor's Report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

# Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 24 November 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff  
State Authorized Public Accountant  
mne30221

Martin Birch  
State Authorized Public Accountant  
mne42825

## Company Information

### **The Company**

Tern Skagen Management A/S  
Vestre Strandvej 10  
DK-9990 Skagen

CVR No: 32 43 84 66

Financial period: 1 September - 31 August

Municipality of reg. office: Frederikshavn

### **Board of Directors**

Arne Tryggve Möller, Chairman  
Thomas Wilkens Andersen  
Jens Pedersen Buchhave

### **Executive Board**

Jens Pedersen Buchhave

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Bankers**

Nordea  
Strandgade 3  
0900 Copenhagen C

Jyske Bank  
Sankt Laurentii Vej 32  
9990 Skagen

## Income Statement 1 September - 31 August

	Note	2022/23 USD	2021/22 USD
<b>Revenue</b>		<b>10,250,712</b>	<b>10,646,723</b>
Other operating income		77,378	80,267
Other external expenses		-30,687	-32,435
<b>Gross profit/loss</b>		<b>10,297,403</b>	<b>10,694,555</b>
Staff expenses	2	-10,215,471	-10,619,649
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-5,712	-5,712
<b>Profit before financial income and expenses</b>		<b>76,220</b>	<b>69,194</b>
Financial income	4	1,470	120,099
Financial expenses	5	-32,290	-9,538
<b>Profit before tax</b>		<b>45,400</b>	<b>179,755</b>
Tax on profit/loss for the year	6	-9,988	-40,546
<b>Net profit/loss for the year</b>		<b>35,412</b>	<b>139,209</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		35,412	139,209
		<b>35,412</b>	<b>139,209</b>

## Balance Sheet 31 August

### Assets

	Note	2022/23 USD	2021/22 USD
Land and buildings		488,906	494,618
<b>Property, plant and equipment</b>	7	<b>488,906</b>	<b>494,618</b>
<b>Fixed assets</b>		<b>488,906</b>	<b>494,618</b>
Receivables from group enterprises		143,772	104,209
Other receivables		511,774	521,351
<b>Receivables</b>		<b>655,546</b>	<b>625,560</b>
<b>Cash at bank and in hand</b>		<b>15,764</b>	<b>34,959</b>
<b>Currents assets</b>		<b>671,310</b>	<b>660,519</b>
<b>Assets</b>		<b>1,160,216</b>	<b>1,155,137</b>

# Balance Sheet 31 August

## Liabilities and equity

	Note	2022/23 USD	2021/22 USD
Share capital	8	85,162	85,162
Retained earnings		369,914	334,502
<b>Equity</b>		<b>455,076</b>	<b>419,664</b>
Credit institutions		72,917	93,026
<b>Long-term debt</b>	9	<b>72,917</b>	<b>93,026</b>
Credit institutions	9	29,107	27,930
Trade payables		12,342	4,556
Payables to group enterprises		884	968
Corporation tax		50,534	47,164
Other payables		539,356	561,829
<b>Short-term debt</b>		<b>632,223</b>	<b>642,447</b>
<b>Debt</b>		<b>705,140</b>	<b>735,473</b>
<b>Liabilities and equity</b>		<b>1,160,216</b>	<b>1,155,137</b>
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## Statement of Changes in Equity

	<u>Share capital</u> USD	<u>Retained earnings</u> USD	<u>Total</u> USD
Equity at 1 September	85,162	334,502	419,664
Net profit/loss for the year	0	35,412	35,412
<b>Equity at 31 August</b>	<b>85,162</b>	<b>369,914</b>	<b>455,076</b>

# Notes to the Financial Statements

## 1 Key activities

The object of the Company is ship management, crewing and other shipping related activities as determined in detail by the Board of Directors.

	<u>2022/23</u>	<u>2021/22</u>
	USD	USD
<b>2 Staff expenses</b>		
Wages and salaries	8,566,477	8,897,534
Pensions	594,211	617,920
Other social security expenses	<u>1,054,783</u>	<u>1,104,195</u>
	<b><u>10,215,471</u></b>	<b><u>10,619,649</u></b>
<b>Average number of employees</b>	<b><u>153</u></b>	<b><u>166</u></b>
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Depreciation of property, plant and equipment	<u>5,712</u>	<u>5,712</u>
	<b><u>5,712</u></b>	<b><u>5,712</u></b>
<b>4 Financial income</b>		
Other financial income	1,470	486
Exchange adjustments	<u>0</u>	<u>119,613</u>
	<b><u>1,470</u></b>	<b><u>120,099</u></b>
<b>5 Financial expenses</b>		
Other financial expenses	7,741	9,538
Exchange adjustments, expenses	<u>24,549</u>	<u>0</u>
	<b><u>32,290</u></b>	<b><u>9,538</u></b>

## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	USD	USD
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	9,988	40,546
	<u>9,988</u>	<u>40,546</u>
<b>7 Property, plant and equipment</b>		
		Land and buildings
		<u>USD</u>
Cost at 1 September		561,636
Cost at 31 August		<u>561,636</u>
Impairment losses and depreciation at 1 September		67,018
Depreciation for the year		<u>5,712</u>
Impairment losses and depreciation at 31 August		<u>72,730</u>
<b>Carrying amount at 31 August</b>		<u><b>488,906</b></u>

## 8 Equity

The share capital consists of 500 shares of a nominal value of DKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

# Notes to the Financial Statements

## 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022/23</u> USD	<u>2021/22</u> USD
<b>Credit institutions</b>		
Between 1 and 5 years	<u>72,917</u>	<u>93,026</u>
Long-term part	<u>72,917</u>	<u>93,026</u>
Other short-term debt to credit institutions	<u>29,107</u>	<u>27,930</u>
	<b><u>102,024</u></b>	<b><u>120,956</u></b>

## 10 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with bankers:

Mortgage deeds totaling kUSD 175 (TDKK 1.200), which provide a mortgage on land and buildings to a total carrying amount of	488,906	494,618
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### Contingent liabilities

The Company are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Terntank Rederi A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 11 Related parties

### Basis

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#### **Consolidated Financial Statements**

The Company is included in the Group Annual Report of Tårntank AB as the smallest and largest group. The Group Annual Report of Tårntank AB may be obtained at the following address:

- Terntank Rederi A/S, Vestre Strandvej 10, 9990 Skagen

# Notes to the Financial Statements

## 12 Accounting Policies

The Annual Report of Tern Skagen Management A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in USD with exchange rate as 31 August 2023 6,8571. (2021/22: 7,4407)

### Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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.

### Translation policies

US dollar is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

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.

## Income Statement

### Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

### Other external expenses

Other external expenses comprise expenses for travel, insurance and contingent, course and office expenses.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### 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.

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

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

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated 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.

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

Other buildings	100 years
Other fixtures, tools and equipment	3 - 5 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

### 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.

### Equity

#### *Dividend*

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

# Notes to the Financial Statements

## 12 Accounting Policies (continued)

### Deferred tax assets and liabilities

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

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

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

### Current tax receivables and liabilities

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

### Financial debts

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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