

GARRETS INTERNATIONAL A/S

ANNUAL REPORT 2023



As approved at the Annual General Meeting on 28 May 2024

Anders Skipper
Chairman of the meeting

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COMPANY DETAILS

Company

Garrets International A/S
Stigsborgvej 60
9400 Nørresundby
CVR No.: 10134188
Registered office: Aalborg
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Jens Holger Nielsen, Chairman
Anders Skipper
Stanley Watt Morrice
Bart Michel J Van Hulle

Executive Board

Hamish Edward Cook, CEO

Auditor

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4.
9000 Aalborg

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Garrets International A/S for the financial year 1 January – 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Furthermore, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend the annual report for adoption at the Annual Meeting.

Noerresundby, 28 May 2024

Executive Board

Hamish Edward Cook
CEO

Board of Directors

Jens Holger Nielsen
Chairman

Anders Skipper

Stanley Watt Morrice

Bart Michel J Van Hulle

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Garrets International A/S

Opinion

We have audited the financial statements of Garrets International A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 28 May 2024

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Jakob Olesen
State-Authorised Public Accountant
Identification No (MNE) mne34492

Kamilla Bang Penderup Kristensen
State-Authorised Public Accountant
Identification No (MNE) mne50599

FINANCIAL HIGHLIGHTS AND KEY RATIOS

DKK'000	2023	2022	2021	2020	2019
Net Sales *	729,645	655,790	542,149	569,050	-
Gross Profit	59,086	79,191	70,763	66,769	79,412
EBITDA	27,635	50,457	46,423	34,937	52,523
Earnings before interest and tax (EBIT)	25,556	47,710	44,138	32,641	50,295
Profit from financial items	-601	-1,146	-1,023	-2,703	-1,422
Net Profit	17,995	36,970	33,405	22,930	38,532
Total Assets	211,369	210,906	183,455	160,337	198,505
Equity	22,717	41,972	36,986	22,849	41,708
Investments in Property, plant and equipment	812	8,607	663	1,350	460
Number of employees, average	55	53	55	54	58
Performance ratios (%)					
Return of investment	12.1	22.6	24.1	20.4	25.3
Return on Equity	55.6	93.6	111.7	71.0	103.2

* The net sales for 2019 is not incorporated in connection with the transition to accounting class C (Large).

Financial highlights are defined and calculated in accordance with the latest version of the recommendations and ratios issued by the Danish Finance Society.

Return of investment (%):

$\frac{\text{EBIT} * 100}{\text{Total assets}}$

Return on equity (%):

$\frac{\text{Profit for the year} * 100}{\text{Average equity}}$

MANAGEMENT ´S REVIEW

The Company ´s principal activities

The company's purpose is to conduct trading activities, including ship provisioning and related businesses. The company's activities consist of supplying provisions, tools, and equipment to shipping companies and shipyards.

Development in activities and financial conditions

The company's gross profit was DKK 59,086k, representing an decrease of 25.4% compared to 2022. The net profit for the year amounted to DKK 17,995k, compared to a profit of DKK 36,970k in 2022. The total assets at the end of 2023 amounted to DKK 211,369k, compared to DKK 210,906k at the end of 2022. The equity amounted to DKK 22,717k, compared to DKK 41,972k the previous year.

Net Profit compared to the expected development

The result is below expectations and is considered unsatisfactory, since there was not the expected increase in activity level.

Expected market development

The company expects the activity level for 2024 to increase compared to 2023, and thus, an increase in operating profit in the interval 36,034k to 46,034k.

Events after the balance sheet date

No events materially affecting the Company ´s financial position have occurred subsequent to the financial year-end.

Statement on Corporate Social Responsibility

Garrets International A/S is part of the Wrist Ship Supply Group and is subject to the strategy and policies for corporate social responsibility adopted by the parent company, Wrist Ship Supply A/S. Refer to the parent company's annual report for 2023 for a comprehensive statement, pursuant to §99a of the Danish Financial Statements Act, regarding the group's strategy and policies for corporate social responsibility, including actions and results for the current year. The group's statement can be found at <https://www.wrist.com/en/who-we-are/figures/> for the parent company ´s annual report.

Gender composition of the management

Status on the underrepresented gender. Statutory statement on Corporate Social Responsibility in compliance with §99 b Section 1 of the Danish Financial Statements Act (Årsregnskabsloven).

	2023	2022	2021	2020	Target for the share of the underrepresented gender	Year of target achievement
Board of Directors*	0% (0/4)	0% (0/4)	0% (0/3)	0% (0/3)	40%	2027
Upper Management **	43% (3/7)	38% (3/8)	40% (2/5)	20% (1/5)	Not required	Not required

* Shareholder-elected Board members of Garrets International A/S.

** Chief executive officer employed by Garrets International A/S as well as their direct reports with leadership responsibility.

In 2023, we achieved our target for gender representation in upper management, with underrepresented genders covering 43% (3 out of 7). As a result, new targets have not been established.

In 2023, there was no change in the gender composition at the Board of Directors compared to previous years, with 0% female representation and 100% male representation. Consequently, the target for 2023 has not been met. Moving forward, the objective for 2024 is to achieve a gender distribution of a least 80% men and 20%

women. Measures will be implemented to ensure greater diversity and inclusivity at the board level. The target is related to the owner´s representatives and does not include employee representatives (if any).

Data ethics

Garrets International A/S is part of the Wrist Ship Supply Group and is subject to the disclosure of strategy and policies for data ethics adopted by the parent company, Wrist Ship Supply A/S. Please refer to the parent company's annual report for 2023 for a comprehensive statement, pursuant to §99d of the Danish Financial Statements Act, regarding the group's strategy and policies for data ethics. The group's statement can be found at <https://www.wrist.com/en/who-we-are/figures/> for the parent company´s annual report.

INCOME STATEMENT

DKK'000	Note	2023	2022
Net Sales	1	729,645	655,790
Other operating income		1,306	883
Cost of sales		-625,528	-550,793
Other external expenses		-46,337	-26,689
Gross profit		59,086	79,191
Employee costs	2	-31,451	-28,734
Depreciation and amortization	7,8	-2,079	-2,747
Operating profit before interest and tax (EBIT)		25,556	47,710
Financial income	3	900	478
Financial expenses	4	-1,501	-1,624
Profit before tax (EBT)		24,955	46,564
Income tax	5	-6,960	-9,594
Net profit for the year		17,995	36,970

BALANCE SHEET

Assets

DKK'000	Note	2023	2022
Software	7	583	1,064
Intangible assets		583	1,064
Land and buildings	8	8,714	9,941
Fixtures and equipment	8	785	682
Property, plant and equipment		9,499	10,623
Deferred tax assets	9	128	159
Other non-current assets		128	159
Non-current assets		10,210	11,846
Trade receivables		133,883	108,890
Receivables from group enterprises	10	63,200	89,999
Other receivables		958	151
Receivables		198,041	199,040
Cash and cash equivalents		164	20
Total current assets		198,205	199,060
Total assets		208,415	210,906

BALANCE SHEET

Liabilities

DKK'000	Note	2023	2022
Share capital		1,000	1,000
Foreign currency translation reserve		1,498	2,748
Retained earnings		3,219	2,224
Dividend proposed		17,000	36,000
Equity		22,717	41,972
Lease debt	11	8,167	9,028
Non-current liabilities		8,167	9,028
Lease debt		1,500	1,542
Trade creditors		89,148	83,976
Debt to group enterprises		62,102	50,405
Corporate tax		6,577	11,099
Other payables		18,204	12,884
Current liabilities		177,531	159,906
Total liabilities		185,698	168,934
Total equity and liabilities		208,415	210,906
Recommended appropriation of profit	6		
Contingent liabilities	12		
Pledges	13		
Related parties	14		
Group relations	15		

EQUITY STATEMENT

DKK'000	Share Capital	Foreign currency translation reserve	Retained earnings	Dividend proposed	Total
Shareholders' equity at 1 January 2023	1,000	2,748	2,224	36,000	41,972
Net profit for the year	0	0	995	17,000	17,995
Dividend	0	0	0	-36,000	-36,000
Exchange differences	0	-1,250	0	0	-1,250
Shareholders' equity at 31 December 2023	1,000	1,498	3,219	17,000	22,717

The company's capital consists of 1,000 shares with a nominal value of DKK 1,000. There have been no changes in the company's capital over the past 5 years.

NOTES

1 – Net Sales

DKK'000	2023	2022
Europe	243,115	231,387
Asia	170,162	166,313
Middle East and Africa	123,300	100,549
Brazil	73,956	52,579
Northern America	55,974	48,872
Other regions	63,138	56,090
	729,645	655,790

DKK'000	2023	2022
Maritime Services	639,550	578,825
Marine Logistics	90,095	76,965
	729,645	655,790

2 – Employee Costs

DKK'000	2023	2022
Wages and salaries and related expenses	29,149	26,700
Pension costs	1,961	1,627
Other social security costs	341	407
	31,451	28,734
Average number of full-time employees at 31 December	55	53

No remuneration is paid to the board. The remuneration of the management is not disclosed as it consists of only one person.

3 – Financial income

DKK'000	2023	2022
Interest income arising from Group enterprises	900	103
Exchange rate adjustments	0	375
	900	478

4 – Financial expenses

DKK'000	2023	2022
Interest expense arising from Group enterprises	0	894
Interest expenses	33	94
Interest from leases	299	207
Exchange rate adjustments	642	0
Other financial expenses	527	429
	1,501	1,624

5 – Income tax

DKK'000	2023	2022
Current tax on profit for the year	6,705	11,342
Deferred tax on profit for the year	30	-447
Tax on profit for the year	6,735	10,895
Current tax adjustments recognised for prior years	225	-1,301
Income taxes in the income statement	6,960	9,594

6 – Recommended appropriation of net profit

DKK'000	2023	2022
Dividend proposed	17,000	36,000
Retained earnings	995	970
	17,995	36,970

7 – Intangible assets

DKK'000	Software	Total
Cost at 1 January 2023	7,366	7,366
Exchange rate adjustments	-232	-232
Disposals	-276	-276
Cost at 31 December 2023	6,858	6,858
Amortizations at 1 January 2023	6,302	6,302
Exchange rate adjustments	-207	-207
Amortizations for the year	456	456
Reversal regarding disposals	-276	-276
Amortizations at 31 December 2023	6,275	6,275
Carrying amount at 31 December 2023	583	583

8 – Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2023	14,220	1,487	15,707
Exchange rate adjustments	-436	-49	-485
Additions	157	655	812
Disposals	0	-383	-383
Cost at 31 December 2023	13,941	1,710	15,651
Depreciations at 1 January 2023	4,279	805	5,084
Exchange rate adjustments	-141	-31	-172
Depreciations for the year	1,089	534	1,623
Reversal regarding disposals	0	-383	-383
Depreciations at 31 December 2023	5,227	925	6,152
Carrying amount at 31 December 2023	8,714	785	9,499
Right-of-use assets	8,714	738	9,452

9 – Deferred tax assets

DKK'000	Intangible assets	Tangible assets	Current assets	Provisions	Long term liabilities	Total deferred tax
Net deferred tax asset at 1 January 2023	-234	38	201	154	0	159
Exchange rate adjustments	8	-3	-6	0	0	-1
Charge to the income statement	99	37	-12	-154	0	-30
Net deferred tax asset at 31 December 2023	-127	72	183	0	0	128
Net deferred tax asset at 1 January 2022	-440	-833	154	6	846	-267
Reclassifications	0	74	0	0	-74	0
Exchange rate adjustments	-29	-53	8	0	53	-21
Charge to the income statement	235	30	39	148	-5	447
Other adjustments	0	820	0	0	-820	0
Net deferred tax asset at 31 December 2022	-234	38	201	154	0	159

The recognized deferred tax asset is expected to be utilized, as the tax group generally has positive taxable income and there are no indications that this will change.

10 – Receivables from group enterprises

Receivables from group enterprises include bank deposits in the group´s cash pool arrangement of DKK 62,701k (2022: DKK 87,457k)

11 – Non-current liabilities

DKK'000	Outstan- ding after 5 years 2023	Outstan- ding after 5 years 2022
	Lease debt	4,622
	4,622	5,632

12 – Contingent liabilities

Joint taxation arrangement

The company is party to a mandatory Danish joint taxation arrangement with Wrist ADM ApS serving as the administration company. The joint taxation arrangement complies with general Danish tax legislation and has included other Danish sister companies due to common ultimate ownership. The company is from 1 July 2012 partial joint and secondary liability for obligations, if any, relating to withholding of tax on interest, royalties, and dividend for the jointly taxed companies. However, secondary liability cannot exceed an amount equivalent to the share of capital of the company which is owned directly or indirectly by the ultimate parent. Tax liabilities concerning sister companies previously included in the joint tax arrangement and for which the company may be jointly liable as described above are covered by an indemnification agreement with W.S.S. Holding A/S.

13 – Pledges

There are registered prohibitions on pledges in fixtures and fittings, tools and equipment, as well as trade receivables to the company´s bank.

14 – Related parties

The company´s related parties consist of the parent company Wrist Ship Supply A/S and the parent companies of this company and subsidiaries.

Altor Fund II, Jersey is the ultimate controlling party and controls W.S.S. Holding A/S, which is the upper Danish holding company of the Group.

The company has not had transactions with related parties during the financial year that were not conducted on market terms.

15 – Group relations

Name and domicile of the parent company preparing consolidated financial statements for the smallest group:
Wrist Ship Supply A/S, Aalborg, CVR No. 19 27 27 96

Name and domicile of the parent company preparing consolidated financial statements for the largest group:
W.S.S. A/S, Aalborg, CVR No. 34 90 01 75

ACCOUNTING POLICIES

General Accounting Policies

The annual report has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class for large companies in accounting Class C.

The annual report has been prepared according to the same accounting policies as last year.

Basis of recognition and measurement

Assets are recognized in the balance sheet when, as a result of a past event, it is probable that future economic benefits will flow to the company, and the value of the asset can be reliably measured.

Liabilities are recognized in the balance sheet when the company, as a result of a past event, has a legal or constructive obligation, and it is probable that future economic benefits will be forfeited from the company, and the value of the liability can be reliably measured.

Upon initial recognition, assets and liabilities are measured at cost. Subsequent measurement is carried out as described for each accounting item below.

Recognition and measurement take into account foreseeable risks and losses that arise before the financial statements are prepared, and which confirm or contradict conditions existing at the balance sheet date.

In the income statement, revenues are recognized as they are earned, while expenses are recognized based on amounts related to the financial year.

Foreign currencies

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies and translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivables or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial or financial expenses.

Income Statement

Net Sales

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Sales of provisions and spare parts are recognized as revenue upon transfer of control of the goods, which typically occurs when the goods have been shipped to the customer (delivery). Upon delivery, the customer gains control over the goods, as they have the opportunity to direct the use of and obtain all significant benefits from the goods, resell them, and bear the risk of impairment and loss on the goods. An account receivable from the customer is recognized when the goods are delivered, as this represents the point at which the right to consideration becomes unconditional.

Revenue is recognized at the amount of consideration that the company expects to be entitled to receive for the delivery of goods under the agreement (transaction price). Net revenue is calculated excluding amounts collected on behalf of third parties, such as taxes and duties. The transaction price is allocated among the separate performance obligations, which consist of the delivery of provisions and spare parts, in proportion to each individual performance obligation based on the relative selling price of each item.

Other operating income

Other operating income comprise income of a secondary nature viewed in relation to the Company's primary activities, including gains from the sale of intangible and tangible non-current assets.

Cost of sales

Cost of sales includes expenses incurred to purchase goods, adjusted for changes in inventories of goods for resale.

Other external expenses

Other external expenses include expenses related to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises etc. This item also includes write-downs of receivables recognized under current assets.

With reference to Section 96(3) of the Danish Financial Statements Act, information on audit fees has been omitted since the company's accounts are included in consolidated financial statements, where this information is provided for the group as a whole.

Employee costs

Employee costs include wages and salaries, as well as cost for pensions, social security etc.

Depreciation

Depreciation of intangible and tangible fixed assets consist of depreciation calculated based on the determined residual values and useful lives of the individual assets, and gains and losses on the sale of tangible and intangible fixed assets.

Financial Income

Finance income include interest, including interest from receivables from Group Enterprises, as well as foreign currency gains of receivables and transactions in foreign currency.

Financial Expenses

Financial expenses include interest, including interest on debt to Group Enterprises, as well as foreign losses of liabilities and transactions in foreign currency.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The Company is joint tax with Wrist ADM ApS as well as all Danish subsidiaries of W.S.S. Holding A/S. The current Danish corporate tax is allocated among the joint tax entities in proportion to their taxable incomes (full allocation with refund regarding tax losses).

Balance sheet**Intangible Assets**

Intangible assets include acquired intangible rights primarily related to software.

Acquired intangible rights are measured at cost less accumulated depreciation. The rights are depreciated on a straight-line basis over their expected useful lives. The depreciation period is 3 years, however, it cannot exceed the remaining useful life of the respective rights. The depreciation period and residual value are reassessed annually.

Intangible assets are written down to recoverable amount if it is lower than the carrying amount.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

The cost includes the purchase price, costs directly attributable to the acquisition, and costs for preparing the asset until it is ready for use.

Linear depreciation is carried out based on the following assessment of the expected useful lives of the assets:

- | | |
|--|-------------|
| □ Fixtures and fittings, tools and equipment | 3 – 6 Years |
|--|-------------|

The expected useful lives and residual values are reassessed annually.

For the fitting out of leased premises and assets covered by financial lease agreements, the depreciation period is at most the term of the agreement.

Tangible assets are written down to recoverable value if it is lower than the carrying amount.

Leases and lease liabilities

The Company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Leases are recognized as right-of-use assets with the corresponding liability at the time the asset is available for use. Assets and liabilities arising from a lease are measured on a present value basis. Right-of-use assets are recognized at the commencement date of the lease when the asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter period of lease term and the asset's useful life on a straight-line basis. An assessment is made at each reporting date of whether there is any indication that a right-of-use asset may be impaired. If any such indication exists, an impairment test is carried out.

Lease liabilities comprise expected fixed payments throughout the expected lease term (including options to extend the lease when exercise is reasonably certain), less any lease incentives. Payments relating to services are not included in lease liabilities.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used, given that the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in lease term or a change in lease payments.

Lease costs for short-term leases and for low value assets is recognized as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Receivables

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Receivables are measured at amortized cost, which typically corresponds to nominal value, less any allowances for expected losses. Accounts receivable from sales include an unconditional right to payment for work not yet performed under binding contracts with customers entered into before the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank deposits.

Dividend proposed

Dividend proposed for the year is recognized as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Deferred tax

Deferred tax is recognized for all temporary differences between the accounting and tax values of assets and liabilities, where the tax value of the assets is determined based on the planned use of each asset. However,

deferred tax is not recognized for non-tax-deductible goodwill and temporary differences arising at acquisition date, which are not related to a business combination and do not affect the financial result or taxable income.

Deferred tax assets, including the tax value of carryforward tax losses, are recognized in the balance sheet at the value expected to be realized, either by offsetting against deferred tax liabilities or as net deferred tax assets.

Other financial liabilities

Other financial liabilities are measured at amortized cost.

Payable corporate tax

Current tax payables are recognized in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Cash flow statement

With reference to Section 86(4) of the Danish Financial Statements Act, the company does not prepare a cash flow statement. The company's cash flows are included in the consolidated cash flow statement for the higher-level parent company Wrist Ship Supply A/S, CVR No. 19272796.