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Chairman of the meeting

ANNUAL REPORT 2020



SHIP SUPPLY

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INTRODUCTION

EXPERT CARE

Wrist Ship Supply is the world's leading ship and offshore supplier of provisions and stores with a market share of around 9%. Wrist offers a global 24/7 service, including handling of owners' goods, shipping, airfreight and related marine services that meet the demands of international organizations as well as local businesses.

Being the world's largest ship supplier Wrist coordinates global activities through regional centers in North America, Europe, the Middle East and Asia. Wrist's logistics set-up, including hubs and warehouses globally, is key to ensure coordination and long-time planning of supplies to customers.

Wrist supplies a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. The service concept comprises the storage, surrender and transport of customers' own supplies and spare parts – often through a general warehouse managed by Wrist. Logistics expertise is a core element of Wrist's competitive edge and provides the foundation for serving the world fleet based on a thorough understanding of individual needs.

From offices around the globe all Wrist staff takes pride in making it easy for customers to receive their supplies – where and when requested – efficiently and at the best possible price. Wrist's mission is to provide expert care – making our customers' life at sea better.

wrist.com

ABOUT WRIST

- Wrist has 30+ locations serving 700+ ports
- Wrist manages movement and storage of owners' goods and spare parts around the world – from ex works to on-deck of the vessel
- Wrist offers to manage stores and provisions budgets onboard vessels and offshore facilities
- Wrist combines and consolidates provisions, stores, owners' goods and spare parts in a seamless one-stop logistics chain to vessels and offshore facilities
- Wrist supports its business through a significant ESG agenda, including the focus on elimination of plastics, green line products, food waste, energy reduction, training and development of young people, etc
- In 2020, Wrist made 225,000 deliveries to 14,400 vessels and offshore facilities in 765 different ports globally
- Wrist has the financial strength to invest in business expansion and IT and digital transformation and innovation.

MANAGEMENT COMMENTARY

FINANCIAL HIGHLIGHTS AND KEY RATIOS

	2020	2019	2018	2017	2016
DKK'000 and ratios					
Net sales	4,369,787	4,657,974	4,276,499	4,101,471	4,066,729
Gross Profit	1,182,059	1,230,709	1,092,307	1,000,203	970,818
Operating profit (EBITA)	142,190	162,401	179,482	176,196	166,651
Earnings before interest and tax (EBIT)	98,893	122,493	149,957	154,568	149,540
Profit of financial items	-78,046	-76,112	52,887	-42,866	-70,251
Net profit	16,913	38,787	68,868	86,329	60,445
Inventories	237,721	254,471	241,400	233,962	238,384
Trade receivables	659,736	799,041	787,370	651,762	680,171
Total assets	2,583,048	2,768,880	2,356,589	1,953,818	2,045,253
Equity	827,322	863,048	812,809	534,100	486,408
Invested capital including goodwill	1,451,286	1,627,946	1,278,558	1,183,856	1,181,808
Net interest-bearing debt (NIBD)	666,276	814,112	409,273	587,910	665,686
Cash flow from operating activities (CFFO)	248,158	148,144	229,972	42,413	137,144
Cash flow from investing activities (CFFI)	-36,868	-59,136	-225,276	-41,331	-308,341
Net investments excl business acquisition (CAPEX)	-36,868	-11,576	-28,879	-41,331	-47,324
Acquisition of property, plant and equipment	-10,304	-19,674	-12,500	-24,538	-34,396
Number of employees, average	1,467	1,472	1,361	1,279	1,183
Performance ratios (%)					
Gross margin	27.1	26.4	25.5	24.4	23.9
Operating margin (EBITA)	3.3	3.5	4.2	4.3	4.1
Return on invested capital	9.2	11.2	14.6	14.9	15.7
Return on equity	2.0	4.6	10.2	16.9	12.7

In 2019, IFRS 16 leases were implemented from 1 January 2019 without restating comparative figures for 2016-2018.

Definitions of financial highlights and key ratios

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

Ratios		Calculation formula	Ratios reflect
Gross margin (%)	=	$\frac{\text{Gross profit} \times 100}{\text{Net sales}}$	The enterprise's operating gearing
Operating margin (EBITA) (%)	=	$\frac{\text{EBITA} \times 100}{\text{Net sales}}$	The enterprise's operating profitability
Return on invested capital (%)	=	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the enterprise on investors' funds
Return on equity (%)	=	$\frac{\text{Profit/(loss) for the year} \times 100}{\text{Average equity excluding non-controlling interests}}$	The enterprise's return on capital invested in the enterprise by the owners

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortization of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses on goodwill are not added.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

THE YEAR IN REVIEW

Despite the disrupting and global COVID-19 pandemic, Wrist managed to improve earnings in its core segment of supplying provision and stores to ships, accelerate the roll-out of Customer Excellence and Operating Model improvement programs and launch an ambitious strategy for new digitally enabled services. However, other parts of the business experienced a sizeable impact on business activities and earnings, especially within the supply of provisions to the offshore oil and gas market, cruise industry and remote resorts.

Compared to last year, the reported EBIT is negatively impacted by COVID-19 with net around DKK 25m. In addition, Wrist had expenses to the closure of branches and a new digital business model of DKK 24m, thus equalling an underlying improvement in the operations of DKK 25m – despite the lower volumes.

Market conditions and COVID-19

The COVID-19 pandemic had a sizeable and material impact on market activities within the offshore oil and gas market, cruise industry and remote resorts after Q1 2020. It also underpinned the pressure from shipowners' cost-saving narrative for most shipping segments during 2020, putting pressure on the operating profit margins. The development required a strong focus on assortments, sourcing and operating cost management.

Consolidation of our business

The COVID-19 pandemic tested our ability to operate remotely and it has been a successful test. The operations continued without outages and customers continuously were served on a daily basis. This was enabled by the IT platforms built over the past years and thanks to the strong dedication from all colleagues at Wrist.

Changes in the market conditions and the high focus on operating costs led to a consolidation of some operations and closure of the operation sites in Aberdeen, Oakland and Sète during 2020. The servicing of customers continues from other locations.

The operation and service challenges in Rotterdam, after the integration of companies in 2019, were solved and the operation is regaining trust from customers and business activities are increasing. Earnings are continuously improving and expected to return to an acceptable level in Q4 2021.

The integration of Van Hulle Shippers, acquired in 2019, continued in 2020 and the company is now a fully integrated part of Wrist's global network for the benefit of our customers.

Intensified deployment and execution of strategy for enhanced services and profitable growth

The deployment and execution of the strategy launched in 2018 and revamped in the second half of 2019, intensified during 2020 and significant resources were added to the implementation. The cornerstones of Wrist's strategy are:

- *Trusted solutions* - provide the best-in-class and most trusted supply solutions for customers underpinned by best-in-class strong operational capabilities, processes and business systems facilitating great, cost-efficient servicing of customers.
- *Scope and scale benefitting customers* - drive scale and scope benefits through data-driven insights helping to deliver cost-efficient service and solutions to customers.

- *Digital* - offer easily accessible and novel services, increasingly embracing and actively driving the potential of digital solutions.
- *Leading edge* - continue to build our leading edge as the only global ship supplier with substantial operations in North America, Europe, Middle East and Asia through both organic and acquisition growth thus proposing customers a unique, global value proposition.
- *Employ, develop, inspire, motivate and retain* a diverse team of global Wrist colleagues.

Investing in digital business model for the future

The constant pressure for cost reductions in the market requires continued industry innovation, investments and consolidation, and Wrist constantly pursues solutions that expands and enhances its range of service offerings. During 2020, Wrist invested in and formulated an ambitious strategy for digitally enabled services in the maritime industry, and the building of solutions is currently ongoing and will be completed in 2021 through a multimillion USD investment.

The continued development of the Wrist operating model aims at enabling lower unit costs, fast and accurate deliveries and easy customer ordering and paying, all based in scalable system platforms enabling Wrist to continue leading the industry consolidation.

SHIP SUPPLY

Wrist is an experienced and distinguished supplier of provisions and stores for the global shipping industry. The company is continuously developing its business and capabilities, and after more than 60 years in the market, Wrist is now the world's leading ship supplier with a strong global presence.

Ship supply remains at the core of Wrist's DNA. Throughout the years, however, the Group has acquired a broad spectrum of skills within adjacent areas, including Garrets' wide spectrum of provision and stores management services, and Wrist Marine Logistics' expertise has become a core element of Wrist's competitive edge and provides the foundation for serving the world fleet through regional centers in North America, Europe, the Middle East, and Asia.

Customers benefit from the sourcing of a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. The scope of services also includes last mile delivery of stores, provision, owners' goods and spare parts.

Global network, local excellence

Wrist excels in marine logistics and utilizes a three-pronged global, regional and local procurement supply chain to provide competitive cost. The service concept comprises the bundling of provisions, stores, owners' goods, spare parts and logistics needs, as well as the storing and forwarding of spare parts and owners' goods globally.

Customers are keen to work with a partner that provides the scale, organizational resources, technology, and infrastructure required to deliver end-to-end services. Wrist's worldwide network is uniquely positioned to meeting these wishes and demands.

Integrating ship supply into fleet operations

Saving costs and time is essential to Wrist's customers. With sourcing, last mile logistics and management at its core, Wrist provides a global solution: Wrist Bundled Services, where provision through Garrets is consolidated with a fixed assortment for technical consumables and full logistics handling of spare parts and owners' goods.

Wrist Bundled Services is leading edge in moving the industry from transactional to solutions focusing on cost and service benefits to customers with a substantially increased focus on digital solutions.

PROVISION AND STORES MANAGEMENT

Outsourcing of provisioning to vessels has increased significantly during the years, enhancing procurement efficiency, reducing customers' overhead costs and providing budget certainty while ensuring quality and the welfare of crews. Operators are moving towards centralizing their processes to a single point of contact and are looking for partners that can cost-effectively handle sourcing needs on a global basis.

Garrets International and Van Hulle Shippersuppliers are the world's leading provision and stores management partners at sea. Both businesses partner with seafarers, ship managers and ship owners, providing outsourced solutions with an attractive return in terms of both economy, quality and budget control.

In their constant pursuit of cost savings in both shipping and the offshore sector, more and more ship owners and ship managers are moving towards outsourcing solutions. Garrets and Van Hulle Shippersuppliers serve more than 1,600 vessels all over the world, roughly 3% of the global fleet. Both businesses hold a firm focus on quality, based on agreed levels, and are dedicated to the management of budgets. Long-term partnerships with the customers are built through mutual trust and transparency.

Securing food quality and safety

Garrets and Van Hulle Shippersuppliers adhere to global food safety and quality standards. Approved suppliers are required to demonstrate their commitment to improving food standards and safety and to work in close partnership with both Garrets and NSF International, the leading global provider of public health and safety-based risk management solutions. Garrets is the only provisions and stores management partner having a global supplier audit program.

In alignment with the Wrist Group's mission of "expert care - making our customers' life at sea better", Garrets and Van Hulle Shippersuppliers seek to enhance crew welfare and retention through healthy menu planning, while also addressing the needs of multi-ethnic crews. By improving the service standards on board, Garrets emphasizes the importance of managing and monitoring health, hygiene, nutrition, allergens and special diets as well as ways to facilitate, plan and prepare attractive menus with a firm purpose of putting more food on the customer's plate.

To support these objectives, Garrets and Van Hulle Shippersupplies provide training programs for chefs both ashore and online, conduct on-board galley assessments, and publish cookbooks and menu plans for every crew nationality.

OFFSHORE SUPPLY

Meeting the constantly evolving requirements of the offshore oil and gas and renewables market for more than 40 years, the Wrist Group has become the market leader. The core of the business is to assure customers that all aspects of their product supply are taken care of.

Strachans, the leading brand in Northern Europe, and other units of the Wrist Group in the US Gulf, Middle East and Asia provide a wide range of services to meet the diverse and advanced customer requirements of the offshore sector. Offering a single supply source for all products, Strachans holds stock of over 3,000 lines. Other requirements are catered for by dedicated staff that will source just about any item.

To ensure frozen and chilled products reach their final destinations in excellent condition, Strachans operates a fleet of over 200 icebox containers, preserving product temperatures for up to four days without external power supply. These units form part of the fleet of some 1,400 DNV 2.7-1 certified containers, suited for various customer requirements.

Direct deliveries to vessels at quayside are all managed through a fleet of dedicated multi-temperature vehicles ensuring product integrity through the entire supply chain.

Efficient and reliable

Through strategically located distribution centers, the Strachans can support anything from platforms with 300+ staff to platform supply vessels with a crew of 12 with a full range of products and services. Key Account Managers are responsible for supporting the individual needs of our diverse customer base.

Efficient and reliable procedures – based on UKAS accredited quality systems (ISO 9001/ISO 22000, including HACCP) – enable Strachans to react rapidly to factors beyond the customers' control (e.g. weather). This ensures that orders are delivered at the right place and at the right time.

WRIST MARINE LOGISTICS

One global partner - for all logistics services to ship owners and ship managers worldwide.

The Wrist Group runs its spare parts and owners' goods forwarding and logistics services in Wrist Marine Logistics (WML). WML undertakes project freight, including management of complex operations involving out of gauge shipment of larger parts.

WML offers transparent, quality, cost-efficient one-stop-shopping ex-works-to-deck logistics (pick-up, transport and onboard delivery of ship spares) in all major ports and provides customers with the convenience of one single point of contact.

The logistics network is a combination of own WML offices, Wrist locations and a global network as well as long-term partnerships with local WML partners all over the world.

Unique solutions

The solutions are unique in the sense that WML combines the global asset network of Wrist warehouses and last mile consolidated logistics with the capabilities of strong local partners.

The specialized logistics solutions are often combined with the supply of stores and provisions from Wrist - generating cost savings for the customer.

The reach of the Wrist Group specialized marine logistics is thus unparalleled in terms of logistics management and the assets behind.

WML assists with complete solutions from door to deck, special transports or only part of the logistic setup if needed. Specialized computer systems are used to monitor the customer's purchase orders and organize forwarding and onboard delivery on a global scale. Through experience, a strong organization and advanced technology, WML provides its customers with a unique logistics system for the handling of ships' spares.

COMMITMENT TO ETHICS AND RESPONSIBILITY

Statutory statement on Corporate Social Responsibility in compliance with sections 99a and 99b of the Danish Financial Statements Act (Årsregnskabsloven).

To promote the long-term interests of the company and its stakeholders, Wrist complies with high ethical standards in all business practices. Our business model is described in the sections above on page 8.

As our owner is a private equity fund (Altor Fund II GP Limited), member of Danish Venture and Private Equity Association (DVCA), we are committed to follow the recommendations from DVCA or explain why we do not follow these recommendations. Please note that the Annual Report is available on our webpage wrist.com.

Business Principles

Wrist's Business Principles provide guidelines to increase transparency and describe the way the company and its staff must act whilst pursuing the business objectives.

https://www.wrist.com/download/sustainability/business_principles.pdf

The Business Principles are incorporated into Wrist's general business practices when living out its mission, "Expert care – making our customers' life at sea better", and they reflect the UN Global Compact as well as relevant regulations on anti-corruption, competition law and international trade sanction regulations.

The Business Principles guide and direct team members and managers in essential matters such as:

- Relationships with authorities
- Transparency
- Anti-trust
- Anti-corruption
- Trade sanctions
- Anti-fraud and accuracy of accounting records
- Respect for generally recognized (internationally and locally) human and labour rights
- Employment practices.

The Business Principles represent the codification of the ethical standards we live by and promote in Wrist, and they are important cornerstones for the formulation and communication of Wrist's ethical position and policies.

Our approach to environment and climate protection is expressed in the Wrist Business Principles. Here it is stated that Wrist supports a precautionary approach to environmental challenges for improved environmental performance and resource utilization to run own operations as clean and efficiently as possible. We also expect our suppliers and business partners to follow these principles.

In carrying out our business activities, we are highly aware of complying with all relevant regulatory requirements, including environment and climate protection. In the light of this, and since we do not

have any own production of goods and hence a limited risk of negative impact, we have not established a detailed policy in this area.

Compliance Program

The overall Business Principles are further detailed in Wrist's Compliance Program which covers the topics of:

- International trade sanctions
- Anti-bribery rules and principles
- Anti-trust rules/competition law
- General Data Protection (EU)
- Whistleblowing.

The program complies with applicable rules and regulations and is tailored to Wrist and its industry, based on identified risk factors. Within each of these areas, the program comprises detailed written policies and procedures, as well as training programs and internal controls.

The policies and procedures contain rules and regulations as well as practical advice for team members. The policies are distributed to all relevant team members, followed by training.

Wrist operates worldwide and from time to time in areas identified as high risk regarding corrupt practices. Furthermore, cash is still a means of payment used by vessels travelling the sea. Such risk factors, among others, have led us to paying special attention to the anti-bribery program. The anti-bribery program consists of a set of very concrete guidelines with clear rules for the giving and receiving of business courtesies. It is supplemented by a set of procedures designed to monitor compliance with the anti-bribery policy. To limit the risk of inappropriate behaviour, the program contains procedures for providing cash discounts in cash sales and for cash withdrawals.

The training of our team members – including new team members and team members at newly acquired entities as well as repeated training of existing team members – is done via an online training program. The subsequent training of all relevant team members will be done every two years.

The online compliance training also includes General Data Protection Regulation of the EU.

The implementation of the Business Principles and the compliance program has generated an increased awareness among team members and managers of the importance of avoiding violations.

Human rights, labour rights, suppliers and supply chain

All Wrist's business activities are performed with respect for human and labour rights – for instance fair employment, dissociation from forced or compulsory labour and the use of child labour, freedom of association, the right to collective bargaining and freedom from discrimination.

Team members must act accordingly, and Wrist's Business Principles constitute an essential reference in dealings with external stakeholders.

Wrist strives to ensure that its suppliers comply with the ethics and standards as expressed in the Wrist Business Principles. Wrist operates in many regulatory environments and expects its suppliers to act ethically and comply with applicable rules in all countries where business is conducted.

With a significant number of global suppliers from many different countries, there is a risk that Wrist cannot secure completeness regarding the awareness and understanding of its Business Principles, but the efforts and initiatives will continue being a natural part of developing Wrist's supply chain.

The Wrist Business Principles clearly state that Wrist endeavours to create hazard-free workplaces for its team members, contractors, and others working in various locations by applying high standards of occupational health and safety. Wrist strives to assure the safety of products and services through efficient control systems.

The implementation of Wrist's health and safety policy creates awareness of the existing safety instructions and provides training for Wrist team members in exactly these safety instructions, etc. Protecting the health and safety of Wrist team members is of high priority, and by taking these measures, Wrist manages to mitigate the risk.

As a result, the level of safety is at a satisfactory level in 2020 with no major incidents. This is achieved by the continuous focus on and priority of the education and training of all team members. The level of training is depending on the job content. Focus and priority are adapted across all Wrist branches where it is ensured that all team members get safely through the working day. All team members in the warehouses are required to complete training before operating machinery or involved in hazard material handling. In some of the Wrist warehouses, the day starts with a daily safety meeting with selected teams in order to maintain safety as a part of the daily routines. In other branches, meetings are regularly scheduled to discuss health and safety. In case of an accident, this is reported and an evaluation is done to identify key training areas to improve health and safety even further across the organization. Employees are encouraged to report unsafe conditions and/or any noted risk of incidents (near-miss). In terms of the COVID-19 pandemic, Wrist has taken a precautious angle and is working from home where possible, ensuring distances, sanitizers, and face masks whenever we go to the workplace. Wrist employees continuously are informed about measures to take to minimize the risk of infection.

Wrist has implemented an anti-harassment policy covering the entire Group to ensure a safe and welcoming work environment. The policy includes tools to report a breach and how such a report will be handled.

Please refer to note 3 regarding the development of employee numbers in Denmark and globally.

Whistleblowing

A Group whistleblowing system specifically tailored to the requirements of Wrist enables employees, management and Board of Directors to report suspected or suspicions of breaches of its Business Principles, fraud, bribery or other breach of law anonymously with no risk of retaliation. The whistleblowing policy ensures that team members know how to react and how to report in case of suspicion of breach. The whistleblowing system is approved by the Danish Data Protection Agency and is managed in co-operation with an external law firm.

Seafarers

"Expert care – making our customers' life at sea better" being the corporate mission, Wrist strives to go beyond the core competitive parameters in its businesses.

Seafarers are often mentioned as 'the forgotten workforce' and life at sea is known to be tough for the approx. 1.5 million seafarers worldwide. Working conditions can be hazardous and with reduced help at hand while at sea, and long periods at sea, meaning absence from family and friends.

Consequently, the life of seafarers is always in focus and Wrist’s donations and charity to this group are prioritized. All Wrist does ends with seafarers, offshore or navy crew and thus affects their motivation and well-being.

Various charitable organizations perform a tremendous effort to help seafarers. Wrist has been a member of ISWAN (International Seafarers’ Welfare and Assistance Network) since 2013 and is the sponsor of two ISWAN awards - “Seafarer centre of the Year” (Wrist Ship Supply) and “Shipping Company of the Year” (Garrets).

Each year, Wrist marks the “Day of the Seafarer” on 25 June – a campaign run by the International Maritime Organization (IMO).

Diversity- promotion of the underrepresented gender

Management

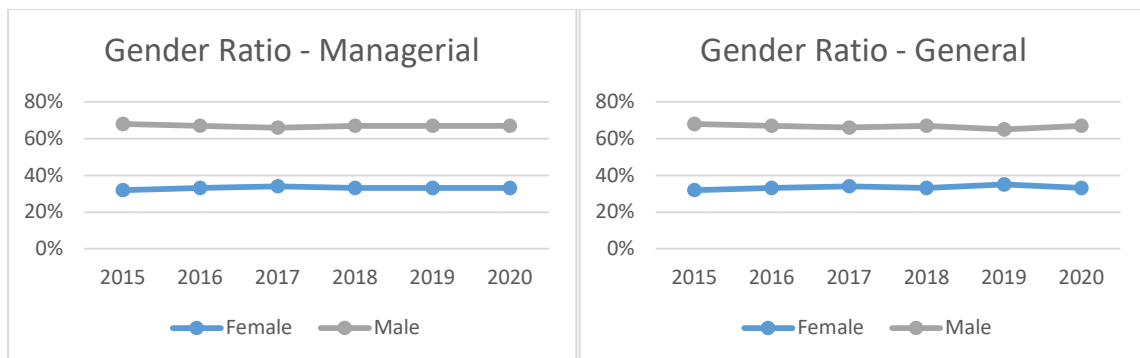
In accordance with Wrist’s commitment to achieving a sound and balanced composition of genders across the company, the Board of Directors has approved a policy aimed at increasing the share of the underrepresented gender at all management levels. Training, development and promotional opportunities are available to prepare employees for management positions.

This policy will be monitored and reviewed annually by the Board of Directors and progress compared to the stated intention is reported to the Board.

Wrist defines “Management” as:

- The Executive Board
- Managers reporting directly to the Executive Board
- Managers leading a team of two or more team members
- Specialists with company-wide impact.

The share of male and female managers was 67% and 33%, respectively by the end of 2020, which shows status quo over last year, however, Wrist has the same male-female ratio for managers as for the entire employee composition. Wrist will continue to work towards a higher level of managerial diversity, and the 2021 target is a proportion of 60% and 40%, respectively.



In support of the 2021 target, Wrist will continue its range of initiatives to help managers embrace the target:

Talent acquisition and internal promotions

Ensure candidate lists for job interviews at all levels have an equal representation of qualified candidates from both genders, and when top candidates are equally qualified, to select a candidate of the underrepresented gender.

Talent development

Ensure that talents of the underrepresented gender are supported by training, development and mentoring opportunities that will assist them in their professional growth. Hereunder, specifically define managerial development opportunities during the annual performance reviews.

Role models

Create a forum where the underrepresented gender may participate in activities (e.g., speeches at local focus groups) to gain insight and inspiration to develop own career opportunities.

The overarching principle, however, remains to be the selection of the best-qualified person, irrespective of gender, race, age or religious beliefs.

Board of Directors

The gender composition at the Board of Directors level remains unchanged from previous years (0% female/100% male). Wrist strives to reach a more balanced distribution of gender within the Board of Directors. The target is to achieve at least a 80/20 distribution between men and women before the end of 2021. The target is related to the owner's representatives and does not include employee representatives (if any). In 2020, two new Board members were added, one being the former CEO and one with highly specific international knowledge and experience among others within digital transformation, and thus the target has not been achieved.

A detailed presentation of each member of the Board of Directors is outlined from page 106.

RISK MANAGEMENT

Wrist is exposed to various risks that may impact the Group's results, cash flow, financial position and prospects.

Significant potential risk factors related to markets, business operations and financial markets are identified, monitored, evaluated, and reported on a continuous basis, and risk management is also integrated in the Group's strategic planning process. Management regularly monitors the development in identified significant risks, and reports such development to the Board of Directors for them to follow the work of the management and make the necessary decisions to manage risks.

The company has instructions in place allocating work between the Board of Directors and the Managing Director covering the entire Group clarifying the duties and responsibilities as well as the framework within which the Managing Director can manoeuvre before Board approval is required.

Market risk

Market risk refers primarily to risk factors on which the management can exert only limited influence in the short term, but which are addressed in its long-term strategic planning.

Industry prospects

Wrist offers its services to the shipping and offshore industry in numerous countries at the largest shipping lanes and offshore hubs, and this diversification mitigates risk. Wrist continuously monitors the development of the industries served to enable timely adjustments of its strategic planning.

Structural changes

Structural changes among onshore and offshore distributors and potential consolidation of providers of services to the shipping industry create opportunities as well as risks. Wrist monitors developments and adjusts its strategic and tactical planning accordingly.

Business risk

Business risk refers to overall risks relating to the current operations of the company.

Price fluctuations

To mitigate risks associated with fluctuations in cost, Wrist is continuously working to improve its sales pricing processes to optimize its pricing of products and contractual agreements and manage inventory levels.

Customer retention

Wrist serves a large and diverse customer base, which is broadly distributed both geographically and in terms of supply solutions and products. This mitigates risk as does the Group's focus on customer service. With its global key account management organization, Wrist has a thorough understanding of the needs of its customers and is able to develop initiatives to improve its offerings.

Financial reporting

The mitigation of the key risks relating to the Group's financial reporting is ensured through Group policies on financial management, a financial manual, internal controls and the statutory audit. Wrist

adheres to firm budgeting and reporting schedules and monitors the performance of its business units monthly. Structured business review meetings are also held monthly.

IT system availability

High-quality and reliable IT systems and data are important for the Group's order processing, warehousing, delivery of services, financial reporting, and accounting records. Wrist is continuously testing and developing the capacity, accessibility, reliability, and security of its IT systems to secure high performance.

Environmental risk

This category of risk relates to costs the Group may incur to reduce emissions according to new or stricter environmental legislation, to arrange more effective waste disposal, etc. To reduce these risks, the Group has an ambition to be within the boundaries set by local legislation, reduce emissions (and related costs) and to promote biodegradable products to customers. The operations of the Group are not considered to have a significant environmental impact.

Political risk

Political risk is the risk that the authorities, in the countries where the Group operates, by political decisions or administration make continuation of operations difficult, expensive or impossible for the Group. The Group mainly operates in countries where the political risk is considered negligible or minor.

Compliance with regulations

Wrist is committed to conducting business in compliance with all applicable laws and other regulation and to adhering to principles of good corporate citizenship in all countries in which it is active. The manager of each business unit, supported by Group functions, is responsible for monitoring and enforcing the Group's policies as well as ensuring compliance with national legislation and local requirements. Wrist's Business Principles, related policies and procedures are available to managers and team members to assist and direct them in carrying out their duties.

Financial risk

Financial risk factors refer to fluctuations in the Group's results, cash flows or financial position due to changes in Wrist's financial exposure. The overall objective of risk monitoring and control is to ensure cost-effective financing and to minimize potential adverse impacts from market fluctuations.

Currency risk

Due to the international nature of Wrist's operations, the Group is exposed to currency risks. The Group's business activities are predominantly denominated in USD, GBP, SGD, and EUR, while most credit facilities are denominated in DKK, USD, and GBP (currencies listed according to aggregated amounts).

Currency risk arises from transaction exposure, which relates to exchange rate fluctuations that affects currency flows related to the business activities, and from translation exposure related to the translation of the subsidiaries' financial statements from their local currencies to DKK.

The Group usually benefits from natural risk coverage where sales and costs are both denominated in local currencies. Thus, overall, the transaction exposure is estimated to be limited.

Translation exposure, however, arises when the subsidiaries' financial statements in local currencies are translated into DKK, partly due to differences in the closing rates of the current year and the previous

year, partly because the comprehensive income statement is translated at the average rates of the year whereas the statement of financial position is translated at the closing rates. Translation differences are reported against Other Comprehensive Income. The risk is largest for the currencies where the Group has the largest net assets and where the exchange rate movements against DKK are largest.

Interest rate risk

Changes in the interest levels may affect the financial results. The Group manages this risk by derivative financial instruments, e.g. interest rate swaps. Wrist aims to hedge most of its interest risk exposure for a period of three years.

Liquidity risk and refinancing risk

Liquidity risk is defined as the risk of the Group incurring increased costs due to lack of liquid funds while refinancing risk is defined as the risk of refinancing of maturing loans becoming difficult or costly. The loans of the Group are mainly long term.

Wrist maintains a healthy financial position, cash flow and liquidity reserve. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements. Wrist has entered into a long-term committed financing agreement with a banking syndicate, enabling both current operations and planned expansion.

Credit risk

Credit risk consists of the commercial risk of bad debt, i.e. in case a customer is unable to pay for delivered supplies due to financial difficulties, and financial counterparty risk.

Wrist has an extensive range of customers in countries all over the world. From time to time a customer may face financial problems or go bankrupt as this is an inherent risk in the industries in which Wrist operates. However, no customer represents more than a minimal share of net sales and thereby represents a limited risk. The aggregate amount recognized under trade receivables in the balance sheet constitutes the maximum credit risk. Receivables relate primarily to shipping, ship management and catering companies.

Handling increased credit risk in the shipping industry, Wrist's global credit function monitors the creditworthiness of existing and new customers and assists in debt collection. Wrist conducts individual assessments of its customers' creditworthiness continuously via the centralized function.

Financial instruments potentially subject the Group to significant concentrations of counterparty risk. The Group limits this exposure by cooperating only with selected counterparties with high credit ratings.

Based on the internal competencies and close monitoring of risks by the management, the company has chosen not to have an audit committee.

FINANCIAL REVIEW

Sales

The volume of supplies to ships and offshore decreased in 2020, which mainly is linked to the global pandemic of COVID-19. The decrease in sales is seen throughout most business activities and is sizeable in offshore oil and gas segments, cruise, and remote resorts. This also explains the majority of the deviation compared to the expected sales outlined in the annual report for 2019. The COVID-19 impact from the middle of 2020 was much higher than anticipated.

In total, and in reporting currency, the net sales decreased 6.2%, amounting to DKK 4,370m compared to DKK 4,658m in 2019.

Gross profit

Gross profit decreased to DKK 1,182m from DKK 1,231m in 2020. The gross profit ratio increased to 27.1% compared to 26.4% in 2019. The primary driver for the higher ratio is the constant focus in changes in the supply chain and sourcing improvements.

Other operating income

Other operating income of DKK 35m includes government grants of DKK 29m which have been received in 2020. The grants have primarily been received to compensate salary expenses due to the COVID-19 pandemic and to defer or cancel the alternative, staff reductions. In 2019, other operating income amounted to DKK 14m. Reference is made to note 4. The received grants are all subject to ordinary subsequent audit by local authorities which can lead to changes in the received amounts.

Other operating expenses

Other operating expenses amount to DKK 10m compared to DKK 0m in 2019. In 2020, the Group closed three warehouses that were no longer operating optimally and a total impairment of DKK 10,203k of the net right-of-use assets has been booked.

Operating profit (EBITA)

The operating profit is negatively impacted by the COVID-19 pandemic and special expenses related to restructuring, digital business model and strategy implementation. In 2020, the special expenses related to business restructuring and a digital business model have increased compared to 2019. Adjusted for those special expenses, the operating profit (EBITA) increased by 2.0% compared to 2019. The reported operating profit (EBITA) development was DKK -20m decreasing from DKK 162m in 2019 to DKK 142m in 2020. The operating margin (EBITA) was 3.2% in 2020 compared to 3.5% in 2019.

When comparing the operating profit to the expectations from the annual report for 2019, more than half of the gap derived from COVID-19. The remaining is due to the cost of closing branches and some strategic initiatives not yet delivering the expected benefits.

Net profit

The net profit for the year was DKK 17m compared to DKK 39m in 2019. Management considers the profit level below expectations due to larger impact from COVID-19 than expected.

The change in net profit compared to last year is due to lower operating profit and less tax expenses.

Cash flows

The cash flow from operating activities increased to DKK 248m in 2020 against DKK 148m in 2019. The net working capital as per 31 December 2020 was 223m, an improvement of DKK 101m compared to 2019 working capital of DKK 324m. The improved net working capital is primarily a result of stronger focus on cash collection across the Group. The working capital, as a ratio of sales, was 5.4% in 2020 compared to 6.8% in 2019.

Investments

Net investments amounted to DKK 133m including DKK 96m right-of-use assets compared to DKK 187m in 2019, where 2019 was impacted by the acquisition of companies aggregated to DKK 118m.

Sale of property, plant and equipment amounted to DKK 1m against DKK 40m in 2019.

Invested capital aggregates to DKK 1,451m as per 31 December 2020 compared to DKK 1,628m last year.

Financial position

At 31 December 2020, cash and cash equivalents was DKK 240m, while undrawn credit facilities amounted to DKK 123m. Accordingly, total available cash resources amounted to DKK 363m against DKK 269m at the same time the year before. Wrist has entered into agreements on long-term committed credit facilities enabling both current operations and planned expansion.

The net interest-bearing debt (NIBD) amounted to DKK 666m at 31 December 2020 compared to DKK 814m at the end of 2019. The improvement is mainly related to the improved working capital.

The net interest-bearing debt as a ratio of EBITA stood at 4.7 by the end of 2020 against 5.0 the year before.

Subsequent events

No significant events have occurred since the date of the accounts.

Outlook for 2021

Several segments in the shipping industry will have a challenging supply-demand balance, due to the recession following the COVID-19 pandemic, as well as in offshore oil and gas, cruise and remote resorts. Activity in the ship supply markets is dependent on spend per ship and the number of ships in operation, and the growth in seaborne transportation is driven by the global economic growth. However, Wrist expects global growth in economy and thus an improvement in the overall market activity, and all segments benefitting from the releasing of COVID-19 restrictions. In addition, Wrist expects to gain market share in some areas and realize operating efficiencies.

Overall, Wrist anticipates organic growth in sales in local currencies, benefitting from the Group's strong market position and constant enhancements of its business model, and expects total sales to grow to around DKK 4.3-4.5bn and an increase in the operating profit (EBITA) to DKK 185-205m. The growth in sales and operating profit measured in DKK are dampen by less favorable currency rates compared to 2020.

STATEMENTS

STATEMENT BY MANAGEMENT

The Board of Directors and the Executive Board have today considered and approved the annual report of Wrist Ship Supply A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2020 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2020.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent face.

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

Copenhagen, 20 April 2021

Executive Board

Jens Holger Nielsen
Group CEO

Anders Skipper
Executive Vice President, Group CFO

Board of Directors

Søren Dan Johansen
Chairman

Tom Sten Behrens-Sørensen **Kurt Kokhauge Larsen**

Håkan Petter Samlin

Kenneth Nielsen

Robert Steen Kledal

Tore Myrholt

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Wrist Ship Supply A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Wrist Ship Supply A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31. December 2020, and of the results of their operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has

been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 20 April 2021

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Erik Lyng Skovgaard Jensen

State-Authorised Public Accountant

MNE-no. mne10089

Rasmus Brodd Johnsen

State-Authorised Public Accountant

MNE-no. mne33217

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENTS

	Note	2020 DKK'000	2019 DKK'000
Net sales	1	4,369,787	4,657,974
Cost of sales		-3,187,728	-3,427,265
Gross profit		1,182,059	1,230,709
Other external expenses	2	-344,685	-367,905
Staff costs	3	-606,134	-600,172
Other operating income	4	34,515	14,102
Other operating expenses	5	-10,210	-467
Depreciation and amortization	6	-156,652	-153,774
Operating profit before interest and tax (EBIT)		98,893	122,493
Profit from investments in associates		277	232
Financial income	7	6,337	3,429
Financial expenses	8	-84,383	-79,541
Profit before tax (EBT)		21,124	46,613
Income tax	9	-4,211	-7,826
Net profit for the year		16,913	38,787
Attributable to:			
Shareholders of Wrist Ship Supply A/S		16,913	38,787
		16,913	38,787

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<u>Note</u>	<u>2020</u> DKK' 000	<u>2019</u> DKK' 000
Net profit for the year	16,913	38,787
Other comprehensive income		
Items that can be reclassified to the income statement when certain conditions are met:		
Exchange differences, foreign entities	-52,616	11,812
Fair value adjustment for the year relating to hedging instruments	0	-488
Tax on other comprehensive income, transferrable	0	107
Total comprehensive income	-35,703	50,218
Attributable to:		
Shareholders of Wrist Ship Supply A/S	-35,703	50,218
	-35,703	50,218

CONSOLIDATED BALANCE SHEETS, ASSETS

	Note	2020 DKK'000	2019 DKK'000
Goodwill		729,785	765,622
Software		45,931	54,734
Other intangible assets		33,853	56,175
Intangible assets in development		3,343	0
Intangible assets	10	812,912	876,531
Land and buildings	11	20,212	26,699
Fixtures and equipment	11	35,783	47,163
Leasehold improvements	11	19,543	24,969
Ships	11	16,291	18,724
Leased assets	12	360,653	369,557
Property, plant and equipment		452,482	487,112
Investment associated companies		326	247
Deferred tax assets	15	42,791	27,650
Other non-current assets		43,117	27,897
Non-current assets		1,308,510	1,391,539
Inventories		237,721	254,471
Trade receivables	16	659,736	799,041
Receivables from group enterprises		48,190	53,237
Income tax receivable		8,828	18,691
Other receivables		69,596	102,876
Prepayments		10,246	13,799
Receivables		796,596	987,644
Cash and cash equivalents		240,221	135,226
Total current assets		1,274,538	1,377,341
Total assets		2,583,048	2,768,880

CONSOLIDATED BALANCE SHEETS, EQUITY AND LIABILITIES

	Note	2020 DKK'000	2019 DKK'000
Share capital		17,000	17,000
Foreign currency translation reserve		-69,495	-16,879
Retained earnings		879,817	862,927
Wrist Ship Supply's share of equity		827,322	863,048
Liabilities			
Deferred tax	15	24,247	29,488
Provisions	17	11,712	11,699
Debt to mortgage credit institutions	18	1,037	1,139
Debt to credit institutions	18	566,242	591,958
Lease debt	19	298,207	303,836
Other	18	0	64
Non-current liabilities		901,445	938,184
Installment of non-current debt next year	19,18	87,894	84,544
Provisions	17	112	1,172
Trade creditors		531,500	630,512
Debt to group enterprises		1,188	2,455
Corporate tax		12,444	25,550
Other payables	19	220,751	223,160
Deferred income		392	255
Current liabilities		854,281	967,648
Total liabilities		1,755,726	1,905,832
Total equity and liabilities		2,583,048	2,768,880

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital DKK'000	Foreign currency translation adjustment DKK'000	Hedging reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Shareholders' equity at 1 January 2020	17,000	-16,879	0	862,927	863,048
Net profit for the year	0	0	0	16,913	16,913
Exchange differences, foreign entities	0	-52,616	0	0	-52,616
Total comprehensive income	0	-52,616	0	16,913	-35,703
Other changes	0	0	0	-23	-23
Shareholders' equity at 31 December 2020	17,000	-69,495	0	879,817	827,322
Shareholders' equity at 1 January 2019	17,000	-28,691	360	824,140	812,809
Net profit for the year	0	0	0	38,787	38,787
Exchange differences, foreign entities	0	11,812	0	0	11,812
Fair value adjustment for the year relating to hedging instruments	0	0	-488	0	-488
Tax relating to hedging instruments	0	0	107	0	107
Total comprehensive income	0	11,812	-381	38,787	50,218
Transfer	0	0	21	0	21
Shareholders' equity at 31 December 2019	17,000	-16,879	0	862,927	863,048

Number of shares is 17,000 with the nominal value of DKK 1,000.

All shares are fully issued and paid up.

No dividend was declared in 2020 or 2019.

CONSOLIDATED CASH FLOW STATEMENTS

	2020	2019
Note	DKK'000	DKK'000
Profit before tax (EBT)	21,124	46,613
Profit from investments in associates	-277	-232
Depreciation and amortization	156,652	153,774
Changes in working capital	20 76,352	-22,498
Adjustments for non-cash items	21 74,931	53,382
Cash flow from ordinary operating activities	328,782	231,039
Financial income	6,173	3,335
Financial expenses	-59,053	-60,320
Income taxes refunded/paid	-27,744	-25,910
Cash flow from operating activities (CFFO)	248,158	148,144
Acquisition etc. of intangible assets	-27,386	-9,116
Acquisition etc. of property, plant and equipment	-10,304	-19,674
Sale of property, plant and equipment	822	40,367
Acquisition of enterprises	14 0	-70,713
Cash flow from investing activities (CFFI)	-36,868	-59,136
Loans raised	22 0	50,000
Installments on loans etc.	22 -84,438	-129,534
Other cash flows from financing activities	32	-11
Cash flow from financing activities	-84,406	-79,545
Cash flow for the year	126,884	9,463
Cash and cash equivalents at 1 January	135,226	123,595
Currency translation adjustments of cash and cash equivalents	-21,889	2,168
Cash and cash equivalents at 31 December	240,221	135,226

The cash flow statement cannot be derived from the published financial information only.

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Accounting policies	29

NOTES TO THE CONSOLIDATED STATEMENTS

	2020	2019
	DKK'000	DKK'000
1 Net sales		
Europe	2,173,611	2,350,603
Northern America	1,244,885	1,119,763
Asia	596,475	609,257
Middle East and Africa	175,992	409,626
Other regions	178,824	168,725
	4,369,787	4,657,974
Hereof sales of services	96,341	88,974

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS. Revenue is split between geographical regions. This information does not amount to segment information to IFRS.

	2020	2019
	DKK'000	DKK'000
2 Fees to auditors appointed at the annual general meeting		
Statutory audit	3,598	2,304
Tax and VAT services	617	421
Non-audit services	1,271	727
Fee to auditors	5,486	3,452
Statutory audit (other auditors)	1,249	1,222
Other assurance engagements (other auditors)	76	14
Tax and VAT services (other auditors)	1,201	1,455
Non-audit services (other auditors)	411	736
Other fees	2,937	3,427
	8,423	6,879

	2020	2019
	DKK'000	DKK'000
3 Staff costs		
Wages and salaries and related expenses	510,463	499,689
Pension costs	23,873	25,086
Other social security costs	35,431	33,267
Other staff costs	36,367	42,130
	606,134	600,172
Global:		
Average number of full-time employees at 31 December	1,467	1,472
Number of full-time employees at 31 December	1,421	1,488
Denmark:		
Average number of full-time employees at 31 December	323	295
Number of full-time employees at 31 December	318	328

	Board of Directors DKK'000	Executive Board DKK'000	Other top manage- ment DKK'000	Total DKK'000
3 Staff costs continuing				
Remuneration	1,204	0	0	1,204
Salary	0	8,544	12,793	21,337
Bonus	0	2,773	1,120	3,893
Pension, company contributions	0	0	839	839
Benefits (car, housing, phone etc.)	0	418	1,002	1,420
Cost at 31 December 2020	1,204	11,735	15,754	28,693
Remuneration	671	0	0	671
Salary	0	10,584	11,999	22,583
Bonus	0	3,546	2,146	5,692
Pension, company contributions	0	84	392	476
Benefits (car, housing, phone etc.)	0	390	1,293	1,683
Cost at 31 December 2019	671	14,604	15,830	31,105

The Executive Board and a number of members of other top management in both the parent company and in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 100% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are similar to last year.

Certain employees and members of management have in the period 2012 to 2020 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2020 are exercisable at the time Wrist Ship Supply Holding A/S is sold or becomes listed. However, exercise also requires that certain thresholds for increase in the fair value of the shares in Wrist Ship Supply Holding A/S are achieved.

3 Staff costs continuing

As the warrants and shares are purchased by the employees at their fair value, no amounts related to the warrants or shares are recognized in the Wrist Ship Supply A/S Group.

	<u>Warrants</u>	<u>Exercise prices DKK'000</u>
Number of outstanding warrants		
1 January 2019	1,161	64,808 - 111,158
Issue of new warrants	165	
Excercised by share subscription	0	
31 December 2019	1,326	64,808 - 120,015
Issue of new warrants	0	
Excercised by share subscription	0	
31 December 2020	1,326	64,808 - 120,015
Share valuation at 31 December 2020:		
Undiluted		124,829
Diluted		123,724

	2020	2019
	DKK'000	DKK'000
4 Other operating income		
Rent income	4,286	5,308
Gain from sale of non-current assets	431	7,268
Government grants	28,995	0
Other income	803	1,526
	34,515	14,102

Governments in many countries have introduced measures to support entities during the pandemic. During 2020, the Group was entitled to the governments grants and fulfilled the conditions attached to receiving the grants. The grants were primarily received to compensate for salary expenses. The COVID-19 related government grants were included as other operating income.

	2020	2019
	DKK'000	DKK'000
5 Other operating expenses		
Impairment	10,203	0
Other expense	7	467
	10,210	467

In 2020, the Group closed three warehouses as the supply chain was restructured in these locations. The restructuring resulted in an impairment of the net right-of-use asset and leasehold improvements as operation was transferred to other locations.

	2020	2019
	DKK'000	DKK'000
6 Depreciation and amortization		
Amortization of intangible assets	43,297	39,906
Depreciation of property, plant and equipment	23,260	26,135
Depreciation of leased property and equipment	85,114	81,540
Leasehold improvements	4,981	6,193
	156,652	153,774

	2020	2019
	DKK'000	DKK'000
7 Financial income		
Interest income arising from Group enterprises	1,910	1,548
Interest income	4,200	1,357
Other financial income	227	524
	6,337	3,429

All financial assets are measured at amortized costs, and hence all interest income is from financial assets measured at amortized cost.

	2020	2019
	DKK'000	DKK'000
8 Financial expenses		
Interest expenses	32,010	37,098
Exchange rate adjustments	14,362	2,760
Interest from leases	18,658	19,621
Other financial expenses	19,353	20,062
	84,383	79,541

All financial liabilities are measured at amortized cost, and hence all interest expenses are from financial liabilities measured at amortized cost.

	2020	2019
	DKK'000	DKK'000
9 Income tax		
<u>Current tax:</u>		
Current tax on profit for the year	17,842	22,015
Adjustment in respect of prior years	1,948	-997
Total current tax	<u>19,790</u>	<u>21,018</u>
Adjustment of deferred tax asset/liability	-17,669	-12,793
Adjustment deferred tax due to tax rates	219	-33
Adjustment of deferred tax asset/liability in respect of prior years	1,871	-366
	<u>-15,579</u>	<u>-13,192</u>
Total income tax	<u>4,211</u>	<u>7,826</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the consolidated entities as follows:

Reconciliation of tax rate

Earnings before tax	21,124	46,614
Calculated tax at Danish statutory rate of 22%	4,648	10,255
Effect from difference in tax rate in foreign subsidiaries	2,482	-1,411
Adjustment in respect of prior years	3,819	-1,363
Effect from change in local tax rate	219	-33
Income/Loss from associates and expenses from subsidiaries	-2,197	-1,519
Change in tax legislation	-1	-1
Withholding taxes	16	23
Income / expenses not subject to tax	-4,775	1,875
Tax charge	<u>4,211</u>	<u>7,826</u>
Effective tax rate (%)	<u>19.9%</u>	<u>16.8%</u>
Fair value adjustments etc. of financial instruments in order to hedge future cash flows	0	107
Tax on other comprehensive income	<u>0</u>	<u>107</u>

	Goodwill	Software *	Other intangible **	Intangible assets in development	Total
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
10 Intangible assets					
Cost at 1 January 2020	766,080	146,108	110,544	0	1,022,731
Exchange rate adjustments	-54,875	-829	-4,877	0	-60,581
Additions	11,154	12,890	0	3,343	27,387
Disposals	0	-319	0	0	-319
Cost at 31 December 2020	722,359	157,850	105,667	3,343	989,218
Amortization at 1 January 2020	458	91,374	54,369	0	146,201
Exchange rate adjustments	-7,884	-523	-4,465	0	-12,872
Amortization for the year	0	21,387	21,910	0	43,297
Reversal regarding disposals	0	-319	0	0	-319
Amortization at 31 December 2020	-7,426	111,919	71,814	0	176,307
Carrying amount at 31 December 2020	729,785	45,931	33,853	3,343	812,912
Cost at 1 January 2019	715,498	136,779	91,843	0	944,120
Reclassifications to opening balance	0	-194	0	0	-194
Exchange rate adjustments	16,886	178	1,041	0	18,105
Additions from acquisitions	34,400	229	17,660	0	52,289
Additions	0	9,116	0	0	9,116
Disposals	-704	0	0	0	-704
Cost at 31 December 2019	766,080	146,108	110,544	0	1,022,731
Amortization at 1 January 2019	458	75,313	30,071	0	105,842
Reclassifications to opening balance	0	-3,553	3,359	0	-195
Exchange rate adjustments	0	75	572	0	647
Amortization for the year	0	19,539	20,367	0	39,906
Amortization at 31 December 2019	458	91,374	54,369	0	146,201
Carrying amount at 31 December 2019	765,622	54,734	56,175	0	876,531

* Software purchased external.

** Other intangible assets are Customer relations acquired separately in business combinations.

	Land and buildings DKK'000	Fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Ships DKK'000	Prepayments for property, plant and equipment DKK'000	Total DKK'000
11 Property, plant and equipment						
Cost at 1 January 2020	64,537	218,796	55,551	36,707	0	375,591
Exchange rate adjustments	-3,889	-10,685	-2,131	0	0	-16,705
Additions	57	6,546	3,530	171	0	10,304
Disposals	0	-8,136	-1,358	0	0	-9,494
Cost at 31 December 2020	60,705	206,521	55,592	36,878	0	359,696
Depreciation at 1 January 2020	37,838	171,634	30,582	17,983	0	258,037
Exchange rate adjustments	-2,623	-8,893	-1,415	0	0	-12,931
Depreciation for the year	5,278	15,378	4,981	2,604	0	28,241
Impairment	0	756	3,222	0	0	3,978
Reversal regarding disposals	0	-8,136	-1,321	0	0	-9,457
Depreciation at 31 December 2020	40,493	170,739	36,049	20,587	0	267,868
Carrying amount at 31 December 2020	20,212	35,783	19,543	16,291	0	91,829
Cost at 1 January 2019	102,684	213,028	51,611	36,198	597	404,118
Reclassifications to opening balance	0	6,279	111	0	0	6,390
Transferred to leased asset 1 January	-31,969	-2,997	0	0	0	-34,966
Exchange rate adjustments	1,684	5,395	362	0	152	7,593
Additions from acquisitions	2,907	1,857	0	0	0	4,764
Additions	147	9,078	10,054	509	-118	19,670
Disposals	-10,916	-11,971	-7,110	0	-107	-30,104
Transfer	0	-1,873	523	0	-524	-1,874
Cost at 31 December 2019	64,537	218,796	55,551	36,707	0	375,591
Depreciation at 1 January 2019	45,526	155,970	28,989	15,650	0	246,135
Reclassifications to opening balance	0	6,279	111	0	0	6,390
Transferred to leased asset	-4,520	-2,302	0	0	0	-6,822
Exchange rate adjustments	959	3,945	295	0	0	5,199
Depreciation for the year	5,334	18,468	6,193	2,333	0	32,328
Reversal regarding disposals	-9,461	-10,451	-5,006	0	0	-24,918
Transfer	0	-276	0	0	0	-276
Depreciation at 31 December 2019	37,838	171,634	30,582	17,983	0	258,037
Carrying amount at 31 December 2019	26,699	47,163	24,969	18,724	0	117,555

	Leased buildings DKK'000	Leased equipment DKK'000	Total DKK'000
12 Leases			
<i>Leased assets</i>			
Cost at 1 January 2020	377,446	70,585	448,031
Exchange rate adjustments	-16,893	-4,696	-21,589
Additions	59,617	36,224	95,841
Disposals	-240	-4,594	-4,834
Cost at 31 December 2020	419,930	97,519	517,449
Depreciation and impairment at 1 January 2020	56,221	22,253	78,474
Exchange rate adjustments	-6,313	-2,134	-8,447
Depreciation for the year	61,948	23,166	85,114
Reversal regarding disposals	-240	-4,330	-4,570
Impairment	6,225	0	6,225
Depreciation and impairment at 31 December 2020	117,841	38,955	156,796
Carrying amount at 31 December 2020	302,089	58,564	360,653
Cost at 1 January 2019 (former recognized as financial leases)	31,970	2,997	34,967
Impact of IFRS 16 implementation	309,463	44,766	354,229
Adjusted cost at 1 January 2019	341,433	47,763	389,196
Exchange rate adjustments	3,405	1,121	4,526
Additions from acquisitions	9,718	0	9,718
Additions	57,829	22,579	80,408
Disposals	-34,936	-2,755	-37,691
Transfer	-3	1,877	1,874
Cost at 31 December 2019	377,446	70,585	448,031
Depreciation and impairment at 1 January 2019 former recognized as financial leases	4,521	2,302	6,823
Exchange rate adjustments	220	310	530
Depreciation for the year	59,427	22,113	81,540
Reversal regarding disposals	-7,945	-2,750	-10,695
Transfer	-2	278	276
Depreciation and impairment at 31 December 2019	56,221	22,253	78,474
Carrying amount at 31 December 2019	321,225	48,332	369,557

12 Leases continuing

	2020	2019
	DKK'000	DKK'000
<i>Lease liabilities</i>		
Within 1 year	96,422	88,427
Between 1-3 years	152,814	139,452
Between 3-5 years	103,124	136,813
More than 5 years	104,745	127,007
Total undiscounted lease payments	457,105	491,699
Carrying amount at 31 December	386,000	388,279

	2020	2019
	DKK'000	DKK'000
<i>Leases recognized in the Profit Loss Statement</i>		
Income from subleases	4,286	5,308
Short-term ^{*)} and low-value leases expenses	4,287	4,716
Variable lease payment expenses and additional costs	5,223	2,314
Interest from leases	18,658	19,621

^{*)} Short term lease expense is related to contract with a lease period of less than 12 months.

Impairment is included other operating costs.

13 Impairment test

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. At 31 December 2020, the CGUs Ship Supply, North America and Offshore accounted for DKK 365m, (2019: DKK 375m) 193m (2019: DKK 203m) and 134m (2019: DKK 140m) of the consolidated goodwill. Goodwill allocated across multiple CGUs, for which the goodwill allocated to each unit is not significant, amounts to DKK 12m (2019: DKK 13m). Wrist performed impairment test of the carrying amount of goodwill at 31 December 2020 based on value in use. Impairment testing is performed in fourth quarter of 2020, based on the budgets and business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of the expected future free cash flow, with the carrying amount of the individual cash-generating units. The expected future free cash flow is based on budgets, business plans and projections for subsequent years. Key parameters include gross profit margin, EBIT margin and future capital expenditure, and general growth expectations for the years after 2024.

Budgets and projections for the 2021-2024 period are based on business plans and external market surveys, assessing risks associated with key parameters and incorporating these in expected future free cash flows. The value for the period after 2024 takes in account the general growth expectations of the ship supply and offshore industries.

Growth rates are not expected to exceed the average long-term growth rate in the Group's market for supplying provisions to the global ship fleet, so a growth rate of 1% is used in the terminal period.

The key assumptions from the impairment test of goodwill are as follows:

13 Impairment test continuing

	Discount rates before tax	Discount rates after tax	Terminal growth rates	Increase in EBIT 2021 to terminal period	Increase of Net Working Capital from 2021 until terminal period
2020					
Ship Supply	7,5%	7,3%	0,5%	9,3%	9,3%
North America	9,4%	9,0%	1,0%	9,3%	0,0%
Offshore	8,3%	8,0%	1,0%	3,0%	3,0%
	Discount rates before tax	Discount rates after tax	Terminal growth rates	Increase in EBIT 2020 to terminal period	Increase of Net Working Capital from 2020 until terminal period
2019					
Ship Supply	8,0%	7,1%	1,0%	11,3%	11,8%
North America	11,2%	10,5%	1,0%	9,3%	-7,3%
Offshore	9,2%	8,7%	1,0%	3,0%	3,0%

The impairment tests performed at 31 December 2020 for ship supply, North America and offshore indicate significantly higher capital values of the assets compared to the carrying amounts, and the impairment tests are therefore not sensitive to changes in the significant conditions and factor.

14 Acquisition of companies

On 7 July 2019 Wrist Ship Supply A/S (parent company) acquired 100% of the issued share capital of Stevedoring & Trading Company Brabo NV and Van Hulle Ship-suppliers Importers-Exporters NV, Belgium (hereafter "Van Hulle"). The acquisition has significantly increased the Group's market share in the ARA Region and complements the Group's existing business area within ship supply.

Geographically, the business is driven from its locations in Antwerp and Zeebrugge where Van Hulle has large and modern warehouse and storage facilities, centrally located in the port areas.

With fifty years of experience, Van Hulle has a broad value proposition within ship and project supplies, maritime catering, worldwide victualling management, spare parts logistics and a wide range of maritime supporting services.

The acquisition was motivated by the objective of bringing Wrist into the leading position in the ARA region and furthermore, the business combination will leverage from operating synergies and the Wrist sourcing platform since the two acquired companies are in the same industry. Thus, the recognized goodwill mainly relates to the expertise and insight of the acquired workforce and expected synergies from the integration into the Wrist Group. None of the goodwill recognized is expected to be deductible for income tax purpose.

The acquisition price for 100% of the shares was DKK 118m. Acquisition related costs amounts to DKK 4m and included in administrative expenses in profit and loss and in the cash flows in the statement of cash flows.

The acquired business contributed net sales of DKK 115m and EBT of DKK 13m to the Group for the period from 7 July to 31 December 2019. If the acquisition had occurred on 1 January 2019, consolidated pro-forma net sales and EBT for the year ended 31 December 2019 would have been DKK 217m and DKK 29 respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary.

14 Acquisition of companies continuing

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provision amounts at 7 July 2019
Non-current assets	
Customer relations	17,660
Software	229
Land and buildings	2,907
Fixtures and equipment	1,857
Leased assets	9,718
Current assets	
Inventories	16,481
Account receivable	35,834
Other current receivables	21,654
Cash and cash equivalents	27,363
Non-current and current liabilities	
Provisions	-112
Deferred tax	-6,013
Lease liabilities	-10,827
Accounts payable	-25,094
Corporate tax	-4,080
Other debt	-5,676
Net identifiable assets acquired	81,900
Other adjustments	1,387
Goodwill	34,400
Net assets acquired	117,687
Cash and cash equivalents acquired	-27,363
Deferred considerations	-19,612
Cash flow from acquisition of enterprises	70,712

	Intangible assets DKK'000	Tangible assets DKK'000	Financial non-current assets		Current assets DKK'000	Provisions DKK'000	Taxable losses DKK'000	Long term liabilities DKK'000	Short term liabilities DKK'000	Total deferred tax DKK'000
			DKK'000	DKK'000						
15 Deferred tax asset and deferred tax liabilities										
Deferred tax at 1 January 2020	35,130	26,966	0	-3,179	-4,038	-2,499	-48,485	-2,058	1,838	
Exchange rate adjustments	-1,216	-25	0	187	4	272	1,746	191	1,159	
Charge to the income statement	-4,352	-5,266	0	-720	43	-4,327	2,900	-1,770	-13,492	
Adjustments to previous years (through the income statement)	22	2,662	0	-296	195	-1,749	867	251	1,952	
Other adjustments	205	0	0	0	0	-10,206	0	0	-10,001	
Deferred tax at 31 December 2020	29,789	24,337	0	-4,008	-3,796	-18,509	-42,972	-3,385	-18,544	

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset
Deferred tax liability

42,791
24,247

Deferred tax asset year end, net

18,544

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

Deferred tax at 1 January 2019	27,771	552	-2,830	-5,631	-3,872	1,147	-7,163	-508	9,467	
Reclassifications	19,888	2,390	1,316	1,493	-3,880	-2,763	-9,413	-9,031	0	
Exchange rate adjustments	219	57	0	-68	-7	-66	-257	-50	-172	
Change from acquisitions	6,004	8	0	0	0	0	0	0	6,012	
Charge to the income statement	-5,436	-13,728	0	609	126	40	5,289	308	-12,792	
Adjustments to previous years (through the income statement)	-13,310	6,805	1,514	418	3,595	-548	-6,061	7,222	-365	
Change in tax rate (through the income statement)	-6	2	0	0	0	-11	0	1	-14	
Other adjustments	0	30,880	0	0	0	-298	-30,880	0	-298	
Deferred tax at 31 December 2019	35,130	26,966	0	-3,179	-4,038	-2,499	-48,485	-2,058	1,838	

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset
Deferred tax liability

27,650
29,488

Deferred tax asset year end, net

-1,838

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

	2020 DKK'000	2019 DKK'000
16 Trade receivables		
Trade receivables	621,042	754,800
Contract assets	56,816	62,670
Provisions for impairment of trade receivables	-18,122	-18,429
	659,736	799,041
Impairment losses at 1 January	-16,353	-19,623
Exchange rate adjustments	685	-222
Losses realized for the year	1,788	1,186
Provisions for bad debt for the year	-3,106	-5,606
Reversed, unrealized impairment of receivables	-1,136	5,836
Impairment losses at 31 December	-18,122	-18,429

The expected credit losses in income statement amount to DKK 6,305k (2019: DKK 956k).
Reference is made to note 27 where the credit risk is described.

	31 Decem- ber 2020 DKK'000	31 Decem- ber 2019 DKK'000	1 January 2019 DKK'000
Contract assets			
Provision and stores management	56,816	62,670	82,275
Revenue recognized in the period from performance obligations satisfied in previous periods	62,670	82,275	

There is no impairment losses in the year.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

	Total DKK'000	Not past due DKK'000	Past due at 31 December 2020			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	664,658	411,190	91,520	65,284	28,676	67,987
Expected credit loss rate (%)		0.2%	0.6%	1.7%	4.8%	21.1%
Estimated total gross carrying amount at default	18,122	742	550	1,128	1,377	14,325
	Total DKK'000	Not past due DKK'000	Past due at 31 December 2019			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	817,470	432,781	148,241	89,320	43,849	103,279
Expected credit loss rate (%)		0.6%	0.5%	0.4%	2.3%	13.2%
Estimated total gross carrying amount at default	18,429	2,636	781	382	993	13,638

17 Provisions	Provisions for pension and pension- like liabilities	Provisions for restoration liabilities	Provisions for dismantling liabilities	Provisions for onerous contracts	Provisions for others	Total provisions
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Provisions at 1 January 2020	924	7,476	3,845	626	0	12,871
Exchange rate adjustments	-1	-175	-224	-64	0	-464
Increase	25	234	0	0	0	259
Discounting interests	0	165	52	0	0	217
Decrease	-153	-46	-298	-562	0	-1,059
Provisions at 31 December 2020	795	7,654	3,375	0	0	11,824
Non-current provisions	795	7,542	3,375	0	0	11,712
Current provisions	0	112	0	0	0	112
Provisions at 1 January 2019	1,018	7,347	3,674	2,138	44	14,221
Exchange rate adjustments	2	80	117	49	0	247
Additions from acquisitions	0	112	0	0	0	112
Increase	2	646	0	0	0	648
Discounting interests	0	189	54	0	0	243
Decrease	-98	-898	0	-1,561	-44	-2,601
Provisions at 31 December 2019	924	7,476	3,845	626	0	12,871
Non-current provisions	924	7,364	3,411	0	0	11,699
Current provisions	0	112	434	626	0	1,172

Provisions for pension and pension-like liabilities are where the Group is obligated to pay anniversary bonuses etc.
 Provisions for restoration liabilities are where the Group has an obligation to restore rented facilities upon vacating such facilities.
 Provisions for dismantling liabilities are where the Group is obligated to dismantle assets placed in rented facilities.
 Provisions for onerous contracts liabilities are where the Group is obliged to pay for unused leased premises.

	Payments due 1 year 2020 DKK' 000	Payments due between 1-5 years 2020 DKK' 000	Outstand- ing after 5 years 2020 DKK' 000
18 Current and non-current liabilities			
Debt to mortgage credit institutions	101	405	632
Lease debt	87,793	231,327	66,880
Debt to credit institutions	0	566,242	0
Trade creditors	518,300	0	0
Other payables	220,751	0	0
	826,945	797,974	67,512
Specification of contractual cash flows incl. interest:			
Debt to mortgage credit institutions	107	428	668
Lease debt	96,422	255,938	104,745
Debt to credit institutions	36,110	600,707	0
Trade creditors	518,300	0	0
Derivatives	44	0	0
Other payables	220,697	0	0
	871,680	857,073	105,413
	Payments due 1 year 2019 DKK' 000	Payments due between 1-5 years 2019 DKK' 000	Outstand- ing after 5 years 2019 DKK' 000
Debt to mortgage credit institutions	101	405	734
Lease debt	84,443	303,836	0
Debt to credit institutions	0	591,958	0
Other debt	0	64	0
	84,544	896,263	734
Specification of contractual cash flows incl. interest:			
Debt to mortgage credit institutions	107	428	776
Lease debt	88,427	276,265	127,007
Debt to credit institutions	37,701	665,093	0
Other debt	0	64	0
	126,235	941,850	127,783

	2020	2019
	DKK'000	DKK'000
19 Other payables		
Social security and other related expenses	76,363	62,733
Customer bonuses	82,662	85,434
Commissions	7,233	7,126
VAT	3,217	2,899
Other accrued expenses	51,276	64,968
	220,751	223,160

In 2020 the settlement of the earn-out related to the acquisition in 2019 was completed and the final settlement exceeded the estimation included in the initial PPA due to better financial results. It is our assessment that the initial PPA should have included this additional earn-out amount of DKK 11.2m and based on this we have considered this amount to be part of the PPA. In 2020 the amount of DKK 11.2m have been included at goodwill, reference is made to note 10.

	2020	2019
	DKK'000	DKK'000
20 Change in working capital		
Increase/decrease in inventories	3,983	8,617
Increase/decrease in receivables	154,012	96,587
Increase/decrease in trade payables etc.	-81,643	-127,702
	76,352	-22,498

	2020	2019
	DKK'000	DKK'000
21 Adjustments for non-cash items		
Financial income and expenses	67,459	63,943
Gains/losses from sale of non-current assets	-431	-7,268
Change in provisions	-2,300	-3,293
Impairment	10,203	0
	74,931	53,382

	Long-term borrowings DKK'000	Short-term borrowings DKK'000	Lease liabilities DKK'000	Total liabilities from financing activities DKK'000
22 Reconciliation of liabilities arising from financing activities				
1 January 2020	593,161	100	388,279	981,540
Cash flows	-782	-4,037	-79,619	-84,438
Non-cash change:				
Additions lease liabilities	0	0	61,702	61,702
Foreign exchange movement	-25,100	-10,352	-16,773	-52,225
Other	0	14,390	32,411	46,801
31 December 2020	567,279	101	386,000	953,380
1 January 2019	371,969	150,199	26,685	548,853
Cash flows	50,000	0	-129,543	-79,543
Non-cash change:				
Impact of IFRS 16 implementation	0	0	369,644	369,644
Additions lease liabilities	0	0	80,408	80,408
Foreign exchange movement	7,283	0	4,007	11,290
Other	163,909	-150,099	26,251	40,061
31 December 2019	593,161	100	388,279	981,540

23 Mortgages and collateral

Land and buildings have been used to secure mortgage loans totaling DKK 1,138k (2019: DKK 1,240k). The book value is DKK 3,859k as at 31 December 2020 (2019: DKK 3,890k).

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.

24 Contingent liabilities

The Group is involved in a few disputes, lawsuits, etc of various scopes. No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognized in the balance sheet.

25 Related parties and Group relations

Related parties of the company are Wrist Ship Supply Holding A/S, W.S.S. Holding A/S, O.W. Lux SARL and their subsidiaries.

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

Transactions with parent entities.

	2020	2019
	DKK'000	DKK'000
Financial items, net	765	644
Financial receivables	46,535	42,282
Financial payables	-26,902	-25,967

All transactions were made on terms equivalent to arm's length principles.

26 Financial risks and financial instruments

All financial assets and financial liabilities in Wrist are measured at amortized cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss. Derivatives are included in Other receivables with carrying amounts of DKK 0k (2019: DKK 0k) and in Other payables with carrying amounts of DKK 44k (2019: DKK 73k).

Financial risk management

Wrist manages its identified risks according to the risk management policies approved by the Board of Directors. The policies are reviewed and approved by the Board on an annual basis and include:

- Exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk and.

The Group has centralized its management and monitoring of risks and measures exposures on a frequent basis. The Group does not enter into speculation and the purpose of the risk management activities are to monitor and reduce the Group's exposures due to its operational, investment and financing activities.

In order to manage market risks (i.e., exchange rate and interest rate risks), the Group enters into plain vanilla derivatives such as FX forwards and interest rate swaps.

Each risk is described further below.

Exchange rate risk

The Group's business activities are predominantly based in USD, GBP, SGD, and EUR, and many credit facilities are denominated in DKK, USD, and GBP (currencies listed according to the size of aggregated amounts). Wrist aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which Wrist operates, and transacting in the functional currencies of the various business units. Therefore, most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the same currency currency. Consequently, material currency exposure for the Group is limited to EUR and translation risks related to foreign subsidiaries.

The Group's FX translation risk mainly relates to USD and GBP. At 31 December 2020 and 31 December 2019 no open cash flow hedge contracts in place.

Fair value hedge accounting

In order to reduce the exchange rate risk, Wrist enters into FX forward contracts (buy EUR / sell DKK) on a rolling basis (i.e. new FX instruments are entered into every third month) and are designated as hedging instruments in fair value hedges of recognized EUR liabilities. There is an economic relationship between the hedged item and hedging instruments since terms of the FX forward match the terms of the EUR loan (i.e. notional amount, maturity, payment dates, etc.).

The impact of the hedging instrument and hedged item on the statement of financial position as at 31 December 2020 is as follow:

2020	<u>DKK'000</u>	<u>Notional</u>	<u>Strike</u>	<u>Fair value</u>	<u>Line item in the statement of financial position</u>
Hedging instrument	FX forward (DKK/EUR)	169,560 /22,782	7.4427	44	Other payables Debt to credit institutions
Hedged item	EUR liability	22,782	0	0	

No ineffectiveness at 31 December 2020.

The impact of the hedging instrument and hedged item on the statement of financial position as at 31 December 2019 is as follow:

2019	DKK'000	Notional	Strike	Fair value	Line item in the statement of financial position
Hedging instrument	FX forward (DKK/EUR)	170,196 /22,782	7.4706	73	Other payables Debt to credit institutions
Hedged item	EUR liability	22,782	0	0	

No ineffectiveness at 31 December 2019.

	Notional principal value		Fair value assets (liabilities)	
	2020	2019	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments Foreign currencies				
Less than 1 year	169,560	0	-44	0
1 to 5 years	0	170,196	0	-73
After 5 years	0	0	0	0
	169,560	170,196	-44	-73

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

	2020 DKK'000	2019 DKK'000
Impact on profit/(loss) from translation of net debt	6,938	7,079
Impact on equity from translation of investments in subsidiaries	49,832	49,812

Interest rate risk

Wrist primarily obtains financing with floating rates and are exposed to interest rate changes both in Denmark and abroad. The interest rate exposure is primarily related to fluctuations to CIBOR and LIBOR. The Group's floating rate loans at 31 December 2020 came in at DKK 564,597k (31 December 2019 at DKK 589,691k). With regard to the Group's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax

of DKK 5,646k (2019: DKK 5,897k) and on equity of DKK 4,404k (2019: DKK 4,600k). A declining interest level would have had a corresponding positive impact on result and equity.

At 31 December 2020 and 31 December 2019 no open interest hedge contracts in place.

The sensitivity analysis was based on the Group's exposure to floating-rate liabilities and derivatives at the end of the reporting period. For floating-rate liabilities, the analysis is based on the assumption that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

Cash flow hedge accounting

The Group enters into pay fixed/receive floating interest rate swaps in order to reduce the variability in future interest payments. At 31 December 2020 and 31 December 2019 no open cash flow hedge contracts in place.

Liquidity risk

Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow monthly matches the planned cash needs. The entities in the Group have a positive cash flow monthly. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves. Reference is made to note 18 where the maturity of financial obligations is disclosed.

Credit risk

Credit risk mainly relates to trade debtors, other receivables, and cash at banks. The aggregate amounts recognized under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management, and catering companies. Credit risk associated with the shipping industry is handled by the global credit function, which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Fair values measurements

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group measures financial instruments fair value hedge at fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to hedge future cash flows of floating rate financing. Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates.

There has been no transfers between the levels in 2020 or 2019.

Specification of financial assets and obligations

	Carrying		Carrying	
	value	Fair value	value	Fair value
	2020	2020	2019	2019
	DKK'000	DKK'000	DKK'000	DKK'000
Financial assets measured at fair value through the income	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Loans and receivables	1,252,510	1,252,510	1,358,650	1,358,650
Financial obligations measured at fair value through the income statement	0	0	0	0
Derivatives used as hedging instruments, level 2	44	44	73	73
Financial obligations measured at amortized cost	1,694,081	1,694,148	1,838,958	1,839,026

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognized in the consolidated financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Group's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2020, the Group's net interest-bearing debt comprise DKK 666m (2019: DKK 814m), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Group's guidelines and procedures for managing capital structure in 2020.

27 Events after the reporting period

There has been no post-balance sheet events material to this Annual Report which have not been recognized or mentioned.

28 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 29, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates

and associated assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The COVID-19 pandemic has imposed significant uncertainty to the financial statements. The pandemic has changed our reality and we have continuously adapted to new ways of doing business. Constant changes in government restrictions, new business practices, etc, has impacted Wrist and its business in general. In the early phase of the pandemic, one area of uncertainty was related to the liquidity situation. The poor and uncertain outlook was difficult to predict, and significant focus was directed towards cash flow.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

During the year we have monitored our activity closely and the uncertainties have impacted our key accounting estimates and judgements as follows:

Valuation of inventories

The unstable market conditions, lock down of countries and/or regions have increased the risk in slow-moving items. Other than the risk of slow-moving items, uncertainties have related to increased inventories. As part of managing the more complex setup, a sound inventory turn was ensured with a strict focus on inventory ageing. The active measures taken during 2020 have reduced the inventory level by the end of the year and the levels of impairments have also been reduced.

Valuation of receivables

The increased market uncertainty has increased the counterparty risk. As part of managing the increased credit risk, customer payment terms were reassessed and focus on cash collection increased. As part of the assessment, it was assessed if the pandemic has increased the risk on the expected credit loss measurement. Based on the development in 2020, and also taking the forward-looking element into consideration, the pandemic has not led to an increased risk.

The active measures taken throughout 2020 have reduced the trade receivables balance by the end of 2020 and contributed to strong cash collection.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. The key assumptions used in the impairments tests of goodwill are disclosed in note 12.

Revenue recognition

Revenue for the sale of goods is recognized in accordance with IFRS 15, when Group has transferred control of the goods sold to the customer and it is probable that the Group will collect

the consideration to which it is entitled for transferring the goods. Control of the products is transferred at a point in time, typically on delivery, which is upon delivery alongside the ship. As part of the Group's activities, Wrist offers a "Provision Management Service", where the global supply costs are settled through a fixed monthly invoice based on a victualling rate per man per day. However, Wrist has transferred control of the goods to the customer upon delivery alongside the ship. Thus, the customer has legal title to and physical possession of the goods, all significant risks and rewards related to the goods have been transferred, including any risk of physical damage to the goods, and the customer has accepted the goods. Because of the possible disconnection between the timing of the delivery of the goods, the actual consumption of the goods by the ship and the invoicing of the victualling rate, there are some uncertainties as to the actual amount of consideration to which the Group will be entitled for the goods delivered. However, the uncertainty is not significant enough to warrant postponement of the recognition of the revenue. Thus, management expects that the consideration will in all cases cover Wrist's costs related to the goods delivered as a minimum. Therefore, revenue related to the unconsumed and not invoiced part of goods delivered is recognized at an amount that equals cost and included as a contract asset as part of the trade receivables.

Sales of goods through Wrist's "Provision Management Service" results in a situation, where part of the goods delivered is not consumed by nor invoiced to the customer.

Due to certain uncertainties related to the actual amount of consideration to be received for such goods, until the goods are consumed by the customer, revenues related to these goods are recognized at amount that equals cost. When the goods are consumed by the customers, any additional considerations are recognized as revenue. The corresponding amount in the balance sheet is presented as a contract asset as part of the trade receivables.

29 Accounting policies

The 2020 annual report is presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure. The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of Wrist Ship Supply A/S (the parent company) and entities controlled by Wrist Ship Supply A/S and its subsidiaries. Control is achieved when the parent company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of Wrist Ship Supply A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation are presented in accordance with the accounting policies of the Group.

On consolidation, intercompany income and expenses, intercompany accounts and dividends as well as gains and losses on transactions between the consolidated entities are eliminated.

The items in the financial statements of the subsidiaries are recognized in full in the consolidated financial statements.

Defining materiality

Our annual report is based on the concept of materiality, to ensure that the content is material and relevant to the readers. The consolidated financial statements consist of many transactions. These transactions are aggregated into classes according to their nature or function, and presented in classes of similar items in the financial statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of a similar nature in the statements or in the notes. The disclosure requirements throughout IFRS are substantial, and we provide the specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the readers of these financial statements.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit/(loss) as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit/(loss) as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The measurement basis is decided on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information

obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill arising on the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment of goodwill is recognized directly in profit/(loss). An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit/(loss) on disposal.

Foreign currencies

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into DKK using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of foreign operations (i.e. disposal of the Group's entire interest in foreign operations or disposal involving loss of control over a subsidiary that includes foreign operations, all of the exchange differences accumulated in equity in respect of such operations attributable to the owners of the parent company are reclassified to profit/(loss).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of foreign operations are treated as assets and liabilities of such foreign operations and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Uncertain tax positions are measured at the amount estimated to be required to settle such potential future obligations. We measure these uncertain tax positions on a yearly basis through interviews with key stakeholders in the main Group entities.

The measurement addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and IFRIC 23.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit/(loss), except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Income statement and statement of comprehensive income

Revenue recognition

Revenue from sale of goods is recognized when control of the goods has transferred to the customer, being when the goods are delivered to the customer. Delivery typically occurs when goods are placed along-side the customer's ship.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The payment terms are typically between 30 to 60 days and the transaction price is therefore not adjusted for the effects of a significant financing component. No special obligations in relation to warranties or return obligations compared to the industry.

Cost of sales

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

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognizes the lease payments 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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss (see Note 13).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Employee benefits

Retirement benefit costs and termination benefits

Payments to defined-contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Wrist Ship Supply Group does not have any material defined-benefit plans.

Short-term and other long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognized in respect of other long-term employee benefits mainly consist of jubilee obligations, and are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Other operating income and expenses

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

Government grants

Grants that compensate for expenses incurred are recognized in profit or loss as other income on a systematic basis in the periods in which the expenses are recognized, unless the conditions for

receiving the grant are met after the related expenses have been recognized. In this case, the grant is recognized when it becomes receivable. Governments grants are recognized as other operating income.

Financial income and expenses

Financial income and expenses include interest, foreign currency gains and losses of payables and foreign currency transactions as well as amortization of financial assets and liabilities, including finance lease obligations.

Balance sheet

Intangible assets

Software is recognized initially at cost including the directly attributable cost of preparing the software for its intended use. Software is amortized on a straight-line basis over the estimated useful life (3-6 years).

Internally generated assets arising from development are recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources necessary to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The cost of internally generated assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above, and comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Other intangible assets

Customer relations acquired separately in a business combination are recognized at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Property, plant and equipment

Sites and buildings, leasehold improvements as well as other facilities, equipment and fixtures are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. Land is not depreciated.

If the acquisition or use of the asset requires the Group to incur costs for dismantling or restoration of the asset, the estimated costs of such measures are recognized as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less its residual value. The residual value is the expected amount that could be obtained if the asset were sold today less selling costs if the asset

already had the age and was in the condition that the asset is expected to be in at the end of its useful life. The cost of a combined asset is split into smaller parts which are depreciated separately if the useful lives differ.

Depreciation is recognized so as to write off the cost or valuation of assets (other than land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The depreciation periods are as follows:

- Buildings, 20-40 years
- Fixtures and fittings, tools and equipment, 3-6 years
- Leasehold improvements, 3-7 years or the lease term if shorter
- Ships, 15-20 years

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain/(loss) arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit/(loss).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Receivables

Receivables comprise trade receivables, contract assets, receivables from Group enterprises and other receivables.

On initial recognition, receivables other than trade receivables are measured at fair value less transaction costs and subsequently at amortized cost, which usually corresponds to the nominal value less write-down for bad debts.

Trade receivables are initially recognized at their transaction price, being the amount to which the Group is expected to be entitled.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, when it is probable that the Group will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows

estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognized when a Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets, except derivatives that are assets, are classified at amortized cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

Financial assets are assessed for indications of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Wrist Ship Supply Group has historically not experienced material losses related to receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit/(loss).

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be attributed objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit/(loss) to the extent that the carrying amount of the investment.

An allowance for expected credit losses is recognized on initial recognition of all financial assets measured at amortized costs, and remeasured at each reporting date.

For trade receivables and contract assets expected credit losses are measured as lifetime expected credit losses.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. For trade receivables and contract assets that are considered credit impaired, the expected credit loss is determined individually.

Trade receivables and contract assets are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

Loss allowance is calculated using a provision matrix that incorporates an ageing factor, geographical risk and specific customer knowledge. The provision matrix is based on historical credit losses incurred within relevant time-bands of days past due adjusted for a forward looking element. The forward looking element include consideration of country credit ratings, based on information from external rating agencies, and management's expectations related to future development in the market in question and economics in general if relevant.

Other financial assets relate to receivable from Group enterprises for which expected credit losses are measured at 12 months expected credit losses unless there has been a significant increase in the credit risk since initial recognition. No such increase in credit risk has been experienced, at expected credit losses related to receivables from Group enterprises.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortized cost. Amortization for the year is stated in the income statement.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the parent company's own equity instruments is recognized and deducted directly in equity. No gain/(loss) is recognized in profit/(loss) on the purchase, sale, issue or cancellation of the parent company's own equity instruments.

Financial liabilities

Financial liabilities in Wrist Supply Group are all classified as "other financial liabilities" measured at amortized cost except for liabilities related to derivatives entered into to hedge future cash flows, which are classified as liabilities at fair value through profit/(loss).

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 26.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges and cash flow hedges, respectively.

Fair value hedges:

The fair value change on qualifying hedging instruments is recognized in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in financial items.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to

occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

Segment information

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS.

In note 1, revenue is split between Europe and the rest of the world as well as into the sale of goods and services. This information is not segment information in accordance with IFRS.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

Cash funds consist of cash in hand and bank deposits.

Loans represent total interest-bearing debt items less interest-bearing receivables. Formation of leases are considered as non-cash transactions

All other non-interest-bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Profit before tax (EBT) adjusted for non-cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.

Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Impact from new IFRS

The implementation of new or amended standards and interpretations that have come into force for financial statement preparers for 2020 has not resulted in any changes to recognition and measurement or to note disclosures.

At the date of the presentation of this annual report, a number of new or amended standards and interpretations exist that have not yet become effective and are therefore not included in the annual report. The new standards and interpretations will be implemented as they become mandatory.

PARENT

INCOME STATEMENTS

	Note	2020 DKK'000	2019 DKK'000
Net sales	1	387,185	416,191
Cost of sales		-287,013	-317,629
Gross profit		100,172	98,562
Other external expenses	2	-93,765	-83,340
Staff costs	3	-112,136	-110,600
Other operating income	4	114,803	91,808
Depreciation and amortization	5	-39,939	-40,046
Operating profit before interest and tax (EBIT)		-30,865	-43,616
Profit from investments in subsidiaries	12	45,286	76,051
Financial income	6	42,553	45,627
Financial expenses	7	-48,329	-49,284
Profit before tax (EBT)		8,645	28,779
Income tax	8	8,268	10,008
Net profit for the year		16,913	38,787
Attributable to:			
Shareholders of Wrist Ship Supply A/S		16,913	38,787
		16,913	38,787

PARENT

STATEMENTS OF COMPREHENSIVE INCOME

	2020	2019
Note	DKK'000	DKK'000
Net profit for the year	16,913	38,787
Other comprehensive income		
Items that can be reclassified to the income statement when certain conditions are met:		
Exchange differences, foreign entities	-52,616	11,812
Fair value adjustment for the year relating to hedging instruments	0	-488
Tax on other comprehensive income, transferrable	0	107
Total comprehensive income	-35,703	50,218
Attributable to:		
Shareholders of Wrist Ship Supply A/S	-35,703	50,218
	-35,703	50,218

PARENT

BALANCE SHEETS, ASSETS

	2020	2019
Note	DKK'000	DKK'000
Software	42,934	50,309
Intangible assets in development	3,343	0
Intangible assets	46,277	50,309
Fixtures and equipment	10 3,541	4,476
Leasehold improvements	10 859	692
Leased assets	11 64,469	80,233
Property, plant and equipment	68,869	85,401
Investment in subsidiaries	12 827,763	838,419
Deferred tax assets	13 489	0
Other non-current assets	828,252	838,419
Total non-current assets	943,399	974,130
Inventories	34,678	37,481
Trade receivables	14 32,492	39,814
Receivables from group enterprises	750,821	789,727
Joint taxation receivable	4,644	6,678
Other receivables	20,413	35,370
Prepayments	85	77
Receivables	808,455	871,666
Cash and cash equivalents	13,931	1,373
Total current assets	857,064	910,520
Total assets	1,800,463	1,884,650

PARENT

BALANCE SHEET, EQUITY AND LIABILITIES

	2020	2019
Note	DKK'000	DKK'000
Share capital	17,000	17,000
Foreign currency translation reserve	-69,495	-16,879
Reserve for net revaluation under the equity method	0	48,850
Reserve for development projects	22,623	24,478
Retained earnings	857,194	789,599
Shareholders' equity	827,322	863,048
Liabilities		
Loss in subsidiaries	12 57,476	16,013
Deferred tax	13 0	3,790
Provisions	15 5,067	4,682
Debt to credit institutions	16 564,597	589,691
Lease debt	16 55,462	71,633
Total non-current liabilities	682,602	685,809
Installment of non-current debt next year	16 19,231	18,327
Loan at credit institutions (short term)	88,439	139,313
Trade creditors	59,418	73,413
Debt to group enterprises	68,149	45,968
Other payables	17 55,302	58,772
Total current liabilities	290,539	335,793
Total liabilities	973,141	1,021,602
Total equity and liabilities	1,800,463	1,884,650

PARENT

STATEMENTS OF SHAREHOLDERS' EQUITY

	Share capital DKK'000	Foreign currency translation adjustment DKK'000	Reserve for net revaluation under the equity DKK'000	Reserve for development projects DKK'000	Hedging reserves DKK'000	Retained earnings DKK'000	Total DKK'000
Shareholders' equity at 1 January 2020	17,000	-16,879	48,850	24,478	0	789,599	863,048
Net profit for the year	0	0	-48,850	-1,855	0	67,618	16,913
Exchange differences, foreign entities	0	-52,616	0	0	0	0	-52,616
Total comprehensive income	0	-52,616	-48,850	-1,855	0	67,618	-35,703
Other changes	0	0	0	0	0	-23	-23
Shareholders' equity at 31 December 2020	17,000	-69,495	0	22,623	0	857,194	827,322
Shareholders' equity at 1 January 2019	17,000	-28,691	72,814	22,015	360	729,311	812,809
Net profit for the year	0	0	-23,964	2,463	0	60,288	38,787
Exchange differences, foreign entities	0	11,812	0	0	0	0	11,812
Fair value adjustment for the year relating to hedging instruments	0	0	0	0	-488	0	-488
Tax relating to hedging instruments	0	0	0	0	107	0	107
Total comprehensive income	0	11,812	-23,964	2,463	-381	60,288	50,218
Shareholders' equity at 31 December 2019	17,000	-16,879	48,850	24,478	0	789,599	863,048

Number of shares is 17,000 with the nominal value of DKK 1,000.
All shares are fully issued and paid up.
No dividend was declared in 2020 or 2019.

PARENT

CASH FLOW STATEMENT

	2020	2019
Note	DKK'000	DKK'000
Profit before tax (EBT)	8,645	28,779
Profit from investments in subsidiaries	-45,286	-76,100
Depreciation and amortization	39,939	40,046
Changes in working capital	18 14,779	-22,205
Adjustments for non-cash items	19 -234	-1,162
Cash flow from ordinary operating activities	17,843	-30,642
Financial income	42,553	45,627
Financial expenses	-39,544	-39,905
Income taxes refunded/paid	6,228	11,798
Cash flow from operating activities (CFFO)	27,080	-13,122
Acquisition etc. of intangible assets	-16,061	-8,675
Acquisition etc. of property, plant and equipment	-1,411	-2,220
Acquisition of enterprises	-11,151	-230,541
Dividend Received	52,601	120,011
Cash flow from investing activities (CFFI)	23,978	-121,425
Proceeds from loans	20 251	108,955
Installments on loans etc.	20 -38,751	27,500
Other cash flows from financing activities	0	-535
Cash flow from financing activities	-38,500	135,920
Cash flow for the year	12,558	1,373
Cash and cash equivalents at 1 January	1,373	0
Cash and cash equivalents at 31 December	13,931	1,373

The cash flow statement cannot be derived from the published financial information only.

Mortgages and collateral	21
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Accounting policies	25

PARENT

NOTES TO THE STATEMENTS

	2020	2019
	DKK'000	DKK'000
1 Net sales		
Europe	336,446	375,381
Northern America	7,025	7,647
Asia	17,674	15,129
Middle East and Africa	7,748	7,864
Other regions	18,292	10,170
	387,185	416,191
Hereof sales of services	48,984	43,237

The Group is not listed or in the process of becoming listed, and no segment information is disclosed according to IFRS. Revenue is split between geographical regions. This information does not amount to segment information to IFRS.

	2020	2019
	DKK'000	DKK'000
2 Fees to auditors appointed at the annual general meeting		
Statutory audit	913	665
Tax and VAT services	433	280
Non-audit services	848	192
Fee to auditors	2,194	1,137
Tax and VAT services (other auditors)	50	44
Non-audit services (other auditors)	101	56
Other fees	151	100
	2,345	1,237

	2020	2019
	DKK'000	DKK'000
3 Staff costs		
Wages and salaries and related expenses	97,034	95,092
Pension costs	6,409	5,685
Other social security costs	1,147	1,239
Other staff costs	7,546	8,584
	112,136	110,600
Average number of full-time employees at 31 December	198	176
Number of full-time employees at 31 December	199	197

	Board of Directors	Executive Board	Other top manage- ment	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Remuneration	1,204	0	0	1,204
Salary	0	8,544	4,957	13,501
Bonus	0	2,773	452	3,225
Pension, company contributions	0	0	403	403
Benefits (car, housing, phone etc.)	0	418	354	772
Cost at 31 December 2020	1,204	11,735	6,166	19,105
Remuneration	671	0	0	671
Salary	0	10,584	5,075	15,659
Bonus	0	3,546	817	4,363
Pension, company contributions	0	84	350	434
Benefits (car, housing, phone etc.)	0	390	415	805
Cost at 31 December 2019	671	14,604	6,657	21,932

The Executive Board and a number of members of other top management in both the parent company and in the Group are comprised by special bonus arrangements based on individual performance targets. For the Executive Board the bonus payments are maximized at 100% of the individual basic salary, and for other top management these vary between 10% to 60% of the individual basic salary. The bonus arrangements are unchanged compared to previous year.

Certain employees and members of management have in the period 2012 to 2020 acquired warrants and shares in the parent Wrist Ship Supply Holding A/S at the fair value of the warrants and shares at the date of acquisition. The warrants and shares are fully vested. The warrants outstanding at 31 December 2020 are exercisable at the time Wrist Ship Supply Holding A/S is sold or becomes listed. However, exercise also requires that certain thresholds for increase in the fair value of the shares in Wrist Ship Supply Holding A/S are achieved.

3 Staff costs continuing

As the warrants and shares are purchased by the employees at their fair value, no amounts related to the warrants or shares are recognized in the Wrist Ship Supply A/S Group.

	<u>Warrants</u>	<u>Exercise prices DKK'000</u>
Number of outstanding warrants		
1 January 2019	450	64,808 - 111,158
Transfer	42	
Issue of new warrants	165	
Excercised by share subscription	0	
31 December 2019	657	64,808 - 120,015
Transfer	0	
Issue of new warrants	0	
Excercised by share subscription	0	
31 December 2020	657	64,808 - 120,015
Share valuation at 31 December 2020:		
Undiluted		124,829
Diluted		123,724

	2020	2019
	DKK'000	DKK'000
4 Other operating income		
Rent income	4,645	3,880
Other income	21	0
Group fees	110,137	87,928
	114,803	91,808
	2020	2019
	DKK'000	DKK'000
5 Depreciation and amortization		
Amortization of intangible assets	20,093	18,398
Depreciation of property, plant and equipment	1,716	2,292
Depreciation of leased property and equipment	17,667	18,561
Leasehold improvements	463	795
	39,939	40,046
	2020	2019
	DKK'000	DKK'000
6 Financial income		
Interest income arising from Group enterprises	40,103	45,582
Interest income	2,450	45
	42,553	45,627

All financial assets are measured at amortized costs, and hence all interest income is from financial assets measured at amortized cost.

	2020	2019
	DKK'000	DKK'000
7 Financial expenses		
Interest expense arising from Group enterprises	589	654
Interest expenses	27,810	32,772
Exchange rate adjustments	3,631	1,064
Interest from leases	2,597	2,787
Other financial expenses	13,702	12,007
	48,329	49,284

All financial liabilities are measured at amortized cost, and hence all interest expenses are from financial liabilities measured at amortized cost.

	2020	2019
	DKK'000	DKK'000
8 Income tax		
<u>Current tax:</u>		
Current tax on profit for the year	-4,587	-6,576
Adjustment in respect of prior years	598	0
Total current tax	-3,989	-6,576
Adjustment of deferred tax asset/liability	-3,989	-3,468
Adjustment of deferred tax asset/liability in respect of prior years	-290	36
	-4,279	-3,432
Total income tax	-8,268	-10,008
Reconciliation of tax rate		
Earnings before tax	8,645	28,780
Income from equity method used towards subsidiaries and associates	45,286	76,100
Earnings before tax, Parent company	-36,641	-47,320
Calculated tax at Danish statutory rate of 22% (of EBT)	-8,061	-10,411
Adjustment in respect of prior years	308	36
Income / expenses not subject to tax	-515	367
Tax charge	-8,268	-10,008
Effective tax rate (%)	22.6%	21.2%
Fair value adjustments etc. of financial instruments in order to hedge future cash flows	0	107
Tax on other comprehensive income	0	107

	Intangible assets in		Total DKK'000
	Software DKK'000	development DKK'000	
9 Intangible assets			
Cost at 1 January 2020	135,466	0	135,466
Additions	12,718	3,343	16,061
Cost at 31 December 2020	148,184	3,343	151,527
Amortization at 1 January 2020	85,157	0	85,157
Amortization for the year	20,093	0	20,093
Amortization at 31 December 2020	105,250	0	105,250
Carrying amount at 31 December 2020	42,934	3,343	46,277
Cost at 1 January 2019	126,791	0	126,791
Additions	8,675	0	8,675
Cost at 31 December 2019	135,466	0	135,466
Amortization at 1 January 2019	66,759	0	66,759
Amortization for the year	18,398	0	18,398
Amortization at 31 December 2019	85,157	0	85,157
Carrying amount at 31 December 2019	50,309	0	50,309

	Fixtures and equipment DKK'000	Leasehold improve- ments DKK'000	Total DKK'000
10 Property, plant and equipment			
Cost at 1 January 2020	23,995	6,151	30,146
Additions	781	630	1,411
Cost at 31 December 2020	24,776	6,781	31,557
Depreciation at 1 January 2020	19,519	5,459	24,978
Depreciation for the year	1,716	463	2,179
Depreciation at 31 December 2020	21,235	5,922	27,157
Carrying amount at 31 December 2020	3,541	859	4,400
Cost at 1 January 2019	22,808	6,032	28,840
Additions	2,101	119	2,220
Cost at 31 December 2019	23,995	6,151	30,146
Depreciation at 1 January 2019	17,511	4,664	22,175
Depreciation for the year	2,292	795	3,087
Depreciation at 31 December 2019	19,519	5,459	24,978
Carrying amount at 31 December 2019	4,476	692	5,168

	Leased buildings DKK'000	Leased equipment DKK'000	Total DKK'000
11 Leases			
<i>Leased assets</i>			
Cost at 1 January 2020	88,494	9,863	98,357
Additions	247	1,656	1,903
Cost at 31 December 2020	88,741	11,519	100,260
Depreciation at 1 January 2020	16,008	2,116	18,124
Depreciation for the year	14,894	2,773	17,667
Depreciation at 31 December 2020	30,902	4,889	35,791
Carrying amount at 31 December 2020	57,839	6,630	64,469
Cost at 1 January 2019 (former recognized as financial leases)	0	915	915
Impact of IFRS 16 implementation	87,713	3,220	90,933
Adjusted cost at 1 January 2019	87,713	4,135	91,848
Additions	781	6,449	7,230
Disposals	0	-721	-721
Cost at 31 December 2019	88,494	9,863	98,357
Depreciation at 1 January 2020 former recognized as financial leases	0	284	284
Depreciation for the year	16,008	2,553	18,561
Reversal regarding disposals	0	-721	-721
Depreciation at 31 December 2019	16,008	2,116	18,124
Carrying amount at 31 December 2019	72,486	7,747	80,233

11 Leases continuing

	<u>2020</u> <u>DKK'000</u>	<u>2019</u> <u>DKK'000</u>
<i>Leases recognized in the Profit Loss Statement</i>		
Income from subleases	<u>4,645</u>	<u>3,880</u>
Short-term ^{*)} and low-value leases expenses	<u>0</u>	<u>47</u>
Interest from leases	<u>2,597</u>	<u>2,787</u>

^{*)} Short term lease expense is related to contract with a lease period of less than 12 months.

	2020	2019
	DKK'000	DKK'000
12 Investments in subsidiaries		
Cost at 1 January	772,907	416,655
Additions	11,151	363,974
Disposals	-3,555	0
Reclassification	0	-7,722
Cost at 31 December	780,503	772,907
Value adjustments at 1 January	48,803	72,815
Exchange rate adjustments	-52,616	11,812
Dividend distribution	-52,601	-120,011
Profit for the year after tax	45,286	76,051
Other adjustments	912	414
Reclassification	0	7,722
Value adjustments at 31 December	-10,216	48,803
Investments in subsidiaries with a negative net asset:		
Value written off against intercompany accounts	0	696
Provisions for loss in subsidiaries	57,476	16,013
Carrying amount at 31 December	827,763	838,419

Impairment test has been performed in relation to goodwill, which supports the carrying amounts on the investments. Reference is made to note 11 in the consolidated financial statement, where key assumptions and sensitivity in impairment test are disclosed.

13 Deferred tax asset and deferred tax liabilities	Intangible assets DKK'000	Tangible assets DKK'000	Financial non-current assets		Current assets DKK'000	Provisions DKK'000	Long term liabilities DKK'000	Short term liabilities DKK'000	Total deferred tax DKK'000
			DKK'000	DKK'000					
Deferred tax at 1 January 2020	11,069	19,745	0	-591	-3,491	-22,933	-9	3,790	
Charge to the income statement	-1,623	-5,075	0	-432	189	2,952	0	-3,989	
Adjustments to previous years (through the income statement)	0	-275	0	-17	0	0	2	-290	
Deferred tax at 31 December 2020	9,446	14,395	0	-1,040	-3,302	-19,981	-7	-489	

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	489
Deferred tax liability	0
Deferred tax asset year end, net	489

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

Deferred tax at 1 January 2019	13,208	-469	611	-410	-3,593	-1,416	-709	7,222
Reclassifications	13,208	-469	-2,125	-411	-3,593	-97	-6,513	0
Charge to the income statement	-2,139	-2,369	0	-181	102	1,128	-9	-3,468
Adjustments to previous years (through the income statement)	-13,208	587	1,514	411	3,593	-83	7,222	36
Other adjustments	0	22,465	0	0	0	-22,465	0	0
Deferred tax at 31 December 2019	11,069	19,745	0	-591	-3,491	-22,933	-9	3,790

Deferred tax is presented in the balance sheet as follows:

Deferred tax asset	0
Deferred tax liability	3,790
Deferred tax asset year end, net	-3,790

The Group expects to utilize the deferred tax assets as the Group entities general have a positive taxable income.

	2020 DKK'000	2019 DKK'000
14 Trade receivables		
Trade receivables	34,307	41,681
Provisions for impairment of trade receivables	-1,815	-1,867
	32,492	39,814
Impairment losses at 1 January	-1,867	-1,867
Losses realized for the year	52	0
Impairment losses at 31 December	-1,815	-1,867

The expected credit losses in income statement amount to DKK 0k (2019: DKK 39k).

	Total DKK'000	Not past due DKK'000	Past due at 31 December 2020			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	34,307	28,673	3,484	1,076	394	680
Expected credit loss rate (%)		0.0%	0.0%	75.9%	94.9%	91.8%
Estimated total gross carrying amount at default	1,815	0	0	817	374	624

	Total DKK'000	Not past due DKK'000	Past due at 31 December 2019			
			< 30 days DKK'000	30-60 days DKK'000	61-90 days DKK'000	> 91 days DKK'000
Trade receivables	41,681	30,874	6,326	1,857	881	1,743
Expected credit loss rate (%)		0.0%	0.0%	0.0%	34.1%	89.9%
Estimated total gross carrying amount at default	1,867	0	0	0	300	1,567

	Provisions for pension and pension- like liabilities DKK'000	Provisions for restoration liabilities DKK'000	Provisions for dismantling liabilities DKK'000	Total provisions DKK'000
15 Provisions				
Provisions at 1 January 2020	493	3,891	298	4,682
Increase	25	207	0	232
Discounting interests	0	146	7	153
Provisions at 31 December 2020	518	4,244	305	5,067
Non-current provisions	518	4,244	305	5,067
Current provisions	0	0	0	0
Provisions at 1 January 2019	550	3,533	291	4,374
Increase	0	207	0	207
Discounting interests	0	151	7	158
Provisions at 31 December 2019	493	3,891	298	4,682
Non-current provisions	493	3,891	298	4,682
Current provisions	0	0	0	0

Provisions for restoration liabilities are where the company has an obligation to restore rented facilities upon vacating such facilities.

Provisions for dismantling liabilities are where the company is obligated to dismantle assets placed in rented facilities.

Provisions for pension and pension-like liabilities are where the company is obligated to pay anniversary bonuses etc.

	Payments due 1 year 2020 DKK'000	Payments due between 1-5 years 2020 DKK'000	Outstand- ing after 5 years 2020 DKK'000	Total 2020 DKK'000
16 Current and non-current liabilities				
Lease debt	19,231	55,462	0	74,693
Debt to credit institutions	88,439	564,597	0	653,036
	107,670	620,059	0	727,729
Specification of contractual cash flows incl. interest:				
Debt to mortgage credit institutions				
Lease debt	19,550	58,969	0	78,519
Debt to credit institutions	36,110	600,707	0	636,817
	55,660	659,676	0	715,336
	Payments due 1 year 2019 DKK'000	Payments due between 1-5 years 2019 DKK'000	Outstand- ing after 5 years 2019 DKK'000	Total 2020 DKK'000
Lease debt	18,327	71,633	0	89,960
Debt to credit institutions	139,313	589,691	0	729,004
	157,640	661,324	0	0
Specification of contractual cash flows incl. interest:				
Debt to mortgage credit institutions				
Lease debt	18,791	95,520	0	114,311
Debt to credit institutions	37,701	665,093	0	702,794
	56,492	760,613	0	817,105

	2020	2019
	DKK'000	DKK'000
17 Other payables		
Social security and other related expenses	29,783	17,322
Customer bonuses	9,076	7,608
Commissions	485	471
Other accrued expenses	15,958	33,371
	55,302	58,772

In 2020, the settlement of the earn-out related to the acquisition in 2019 was completed and the final settlement exceeded the estimation included in the initial PPA due to better financial results. It is our assessment that the initial PPA should have included this additional earn-out amount of DKK 11.2m and based on this we have considered this amount to be part of the PPA. In 2020 the amount of DKK 11.2m have been included at goodwill, reference is made to note 10.

	2020	2019
	DKK'000	DKK'000
18 Change in working capital		
Increase/decrease in inventories	2.803	246
Increase/decrease in receivables	25.902	-49.225
Increase/decrease in trade payables etc.	-13.926	26.774
	14.779	-22.205

	2020	2019
	DKK'000	DKK'000
19 Adjustments for non-cash items		
Financial income and expenses	773	-537
Change in provisions	-1.007	-625
	-234	-1.162

	Long-term borrowings DKK'000	Short-term borrowings DKK'000	Lease liabilities DKK'000	Total liabilities from financing activities DKK'000
20 Reconciliation of liabilities arising from financing activities				
1 January 2020	589,691	139,313	89,959	818,963
Cash flows	0	-19,418	-19,082	-38,500
Non-cash change:				
Additions lease liabilities	0	0	3,815	3,815
Foreign exchange movement	-25,093	0	0	-25,093
Other	-1	-31,456	0	-31,457
31 December 2020	564,597	88,439	74,692	727,728
1 January 2019	369,653	148,988	261	518,902
Change in accounting policy	0	80,358	0	80,358
Cash flows	50,000	99,238	-12,783	136,455
Non-cash change:				
Impact of IFRS 16 implementation	0	0	102,112	102,112
Foreign exchange movement	8,073	0	0	8,073
Other	161,965	-189,271	369	-26,937
31 December 2019	589,691	139,313	89,959	818,963

21 Mortgages and collateral

As security for the Group's credit facilities, Wrist Ship Supply Holding A/S has issued floating-charge and share pledge securities to Nordea for all material companies in Wrist Ship Supply A/S.

Wrist Ship Supply A/S has guaranteed for subsidiaries' outstanding debt to suppliers in the amount of DKK 31m (2019: DKK 21m).

Wrist Ship Supply A/S have issued a letter of support to Wrist-Klevenberg Ship Supply NL B.V where the parent company will support the company financially in case of any needs.

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.

22 Related parties and Group relations

Related parties of the company are Wrist Ship Supply Holding A/S, W.S.S. Holding A/S, O.W. Lux SARL and their subsidiaries.

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

Transactions with Group relations.

	2020	2019
	DKK'000	DKK'000
Financial items, net	765	644
Financial receivables	46,535	42,282
Financial payables	-26,902	-25,967

All transactions were made on terms equivalent to arm's length principles.

Transactions with related parties (subsidiaries):

	Subsi- diaries	Manage- ment	Total
	DKK'000	DKK'000	DKK'000
2020			
Intra-group management and administration agreements	87,473	0	87,473
Financial items, net	32,797	0	32,797
Staff cost cf. note 3	0	-19,105	-19,105
Financial receivables	796,869	0	796,869
Financial payables	-258,817	0	-258,817
2019			
Intra-group management and administration agreements	73,383	0	73,383
Financial items, net	37,592	0	37,592
Staff cost cf. note 3	0	-21,932	-21,932
Financial receivables	831,445	0	831,445
Financial payables	-223,581	0	-223,581

23 Financial risks and financial instruments

Categories of financial instruments

All financial assets and financial liabilities in Wrist Ship Supply A/S are measured at amortized cost except derivatives used for hedging purposes, which are measured at fair value through profit or loss. Derivatives are included in Other receivables with carrying amounts of DKK 0k (2019: DKK 0k) and in Other payables with carrying amounts of DKK 44k (2019: DKK 73k).

Financial risk management

Wrist manages its identified risks according to the risk management policies approved by the Board of Directors. The policies are reviewed and approved by the Board on an annual basis and include:

- Exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk and

The Company has centralized its management and monitoring of risks and measures exposures on a frequent basis. The Group does not enter into speculation and the purpose of the risk management activities are to monitor and reduce the Group's exposures due to its operational, investment and financing activities.

In order to manage markets risks (i.e., exchange rate and interest rate risks), the Group enters into plain vanilla derivatives such as FX forwards and interest rate swaps.

Each risk is described further below.

Exchange rate risk

The Company's business activities are predominantly based in USD, GBP, SGD and EUR, and many credit facilities are denominated in DKK, USD and GBP (currencies listed according to the size of aggregated amounts). To reduce the exchange rate risk, Wrist aims to match costs and revenues, as well as assets and liabilities, through representation in the countries in which Wrist operates, and transacting in the functional currencies of the various business units. Therefore, most of the business has no or very limited transaction-related exchange rate exposure. Significant investments in foreign entities are financed in the investment currency. Consequently, material currency exposure for the Company is limited to translation risks related to foreign subsidiaries, and the loans taken out to finance these investments.

The Company is mainly exposed to the currencies USD and GBP. At 31 December 2020 and 31 December 2019 no open cash flow hedge contracts in place.

The following table details the Company's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

Fair value hedge accounting

In order to reduce the exchange rate risk Wrist enters into FX forward contracts (buy EUR / sell DKK) on a rolling basis (i.e. new FX instruments are entered into every third month) and are designated as hedging instruments in fair value hedges of recognized EUR liabilities. There is an economic relationship between the hedged item and hedging instruments since terms of the FX forward match the terms of the EUR loan (i.e. notional amount, maturity, payment dates etc.). The Group designates the spot component only.

The impact of the hedging instrument and hedged item on the statement of financial position as at 31 December 2020 is as follow:

2020	DKK'000	Notional	Strike	Fair value	Line item in the statement of financial position
Hedging instrument	FX forward (DKK/EUR)	169,560 /22,782	7.4427	44	Other payables Debt to credit institutions
Hedged item	EUR liability	22,782	0	0	

No ineffectiveness at 31 December 2020.

The impact of the hedging instrument and hedged item on the statement of financial position as at 31 December 2019 is as follow:

2019	DKK'000	Notional	Strike	Fair value	Line item in the statement of financial position
Hedging instrument	FX forward (DKK/EUR)	170,196 /22,782	7.4706	73	Other payables Debt to credit institutions
Hedged item	EUR liability	22,782	0	0	

No ineffectiveness at 31 December 2019.

	Notional principal value		Fair value assets (liabilities)	
	2020	2019	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000
Hedging instruments Foreign currencies				
Less than 1 year	169,560	0	-44	0
1 to 5 years	0	170,196	0	-73
After 5 years	0	0	0	0
	169,560	170,196	-44	-73

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase in USD and GBP. The sensitivity analysis includes investments in relevant subsidiaries and external debt, where the debt is denominated in the relevant currency. A positive number indicates an increase in profit/(loss) or equity where the currency strengthens 10% against DKK at the balance sheet date. A 10% weakening of the currency would have a comparable but opposite impact on profit/(loss) and equity.

Interest rate risk

Wrist primarily obtains financing with floating rates and are exposed to interest rate changes both in Denmark and abroad. The interest rate exposure is primary related to fluctuations to CIBOR and LIBOR. The Company's floating rate loans at 31 December 2020 came in at DKK 564,597k (31 December 2019 at DKK 589,691k). With regard to the Company's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of DKK 5,646k (2019: DKK 5,897k) and on equity of DKK 4,404k (2019: DKK 4,600k). A declining interest level would have had a corresponding positive impact on result and equity.

The sensitivity analysis was based on the Company's exposure to floating-rate liabilities and derivatives at the end of the reporting period. For floating rate liabilities, the analysis is based on the assumption that the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

At 31 December 2020 and 31 December 2019 no open interest hedge contracts in place.

Cash flow hedge accounting

The Group enters into pay fixed/receive floating interest rate swaps in order to reduce the variability in future interest payments. At 31 December 2020 and 31 December 2019 no open cash flow hedge contracts in place.

Liquidity risk

Wrist has entered into a long-term committed financing agreement with credit facilities enabling both the current operations and planned expansion. Treasury management is centralized and ensures that sufficient financial resources are available to meet planned requirements. This is done by ensuring that the cash flow monthly matches the planned cash needs. The entities in the Group have a positive cash flow monthly. Wrist is in a sound financial position with significant positive cash flows from operating activities and adequate cash reserves.

Credit risk

Credit risk mainly relates to trade debtors, other receivables and cash at banks. The aggregate amounts recognized under these items in the balance sheet constitute the maximum credit risk. Receivables relate to shipping, ship management and catering companies. Credit risk associated with the shipping industry is handled by the global credit function, which monitors the creditworthiness of existing and new customers and assists in collection. Wrist conducts individual assessments of customer creditworthiness, and credit lines are managed globally. Cash is held with banks with high credit ratings.

Fair value measurements

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company measures financial instruments hedging future cash flow at fair value level 2.

Wrist does not have any assets or liabilities measured at fair value other than interest rate derivative contracts entered into to hedge future cash flows of floating-rate financing. Interest rate derivative contracts are measured at fair value based on discounted cash flows based on observable input (level 2). Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There has been no transfers between the levels in 2020 or 2019.

Specification of financial assets and obligations

	Carrying		Carrying	
	value	Fair value	value	Fair value
	2020	2020	2019	2019
	DKK'000	DKK'000	DKK'000	DKK'000
Financial assets measured at fair value through the	0	0	0	0
Derivatives used as hedging instruments, level 2	0	0	0	0
Loans and receivables	838,165	838,165	903,842	903,842
Financial obligations measured at fair value through	0	0	0	0
Derivatives used as hedging instruments, level 2	44	44	73	73
Financial obligations measured at amortized cost	910,554	910,554	997,044	997,044

The management is of the opinion that the carrying amounts of all other financial assets and liabilities recognized in the consolidated financial statements approximate their fair values.

Capital structure

The Company's management assesses whether the Company's capital structure is in line with the interests of the company and its shareholders. The overall objective is to ensure a capital structure that supports long-term profitable growth. As of 31 December 2020, the Company's interest-bearing debt net comprise DKK 137m (2019: DKK 199m), which is considered a reasonable level compared to the current need for financial flexibility. There are no changes in the Company's guidelines and procedures for managing capital structure in 2020.

24 Events after the reporting period

There has been no post-balance sheet events material to this Annual Report which have not been recognized or mentioned.

25 Accounting policies

The financial statements of the parent company (Wrist Ship Supply A/S) are presented in conformity with the provisions of the Danish Financial Statements Act for reporting class C enterprises.

The accounting policies for the Parent Company and for the Wrist Ship Supply Group are identical (see note 29 for the Wrist Ship Supply Group) except for the situations mentioned below.

Change in accounting policies

In the cash flow statement cash and cash equivalent have also included loan at credit institutions (short term), which will be excluded from 1 January 2020. The change in accounting policies have not impacted the income statement, balance sheet or equity, but only changes the presentation of the cash flow statement and relevant disclosure. The comparative figures have been changes accordingly.

The presentation of income from recharging of management fee and other Group fee have been changed in 2020 as they now are included as other operating income instead of deducted in other external expenses. The change has no impact on net profit of the year, balance sheet or equity.

Situations, where the accounting policies of the Parent Company deviate from the Group's

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises' equity plus or less unamortized positive, or negative, goodwill and plus or less unrealised intra-group profits or losses.

The Parent's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses and less amortization of goodwill is recognized in the income statement.

Subsidiaries with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

The purchase method is applied in the acquisition of investments in subsidiaries.

Corporation tax

The Parent Company is jointly taxed with all of its Danish subsidiaries with Wrist ADM ApS serving as the administration company. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Subsidiaries

Company name	Registered office in	City	Ownership share %	
			2020	2019
Danish Supply Corporation A/S	Denmark	Esbjerg	100	100
Garrets International A/S	Denmark	Noerresundby	100	100
Gasværksvej Aalborg A/S	Denmark	Noerresundby	0	100 ***
Saga Shipping A/S	Denmark	Skagen	100	100
ATR Skagen ApS	Denmark	Skagen	0	100 ***
Skagen Lodseri A/S	Denmark	Skagen	0	100 ***
SkawPilot ApS	Denmark	Skagen	49	49
J.A. Arocha S.L.	Spain	Las Palmas	100	100
Wrist Ship Supply Spain S.L.	Spain	Algeciras	100	100
Wrist Europe (Gibraltar) Ltd.	Gibraltar	Gibraltar	100	100
Wrist Africa Tanger SARL	Marocco	Tanger	100	100
Wrist Europe (Norway) AS	Norway	Haugesund	100	100
Wrist Europe (Marseille) SAS	France	Marseille	100	100
Wrist Ship Supply Germany GmbH	Germany	Hamburg	100	100
Wrist Holding NL B.V.	Netherlands	Rotterdam	100	100
Den Helder Stores B.V.	Netherlands	Den Helder	100	100
Wrist-Klevenberg Ship Supply NL B.V.	Netherlands	Rotterdam	100	100 **
C. Maat Transport B.V.	Netherlands	Rotterdam	100	100
Wrist Souring Office Rotterdam B.V.	Netherlands	Rotterdam	100	100
Kubo Supply and Trading N.V.	Belgium	Antwerp	100	100
Stevedoring & Trading Company Brabo NV	Belgium	Antwerp	100	100
Van Hulle Shippers Importers-Exporters NV	Belgium	Antwerp	100	100
Wrist Holding UK Ltd.	United Kingdom	London	100	100
Strachans Ltd.	United Kingdom	Peterhead	100	100
North Sea Stores Ltd.	United Kingdom	Aberdeen	100	100
Garrets Holding Limited	United Kingdom	Romford	100	100
Garrets Bidco 2 Limited	United Kingdom	Romford	100	100
Garrets Bidco Limited	United Kingdom	Romford	100	100
Garrets International Limited	United Kingdom	Romford	100	100
Garrets International Singapore Pte. Limited	United Kingdom	Romford	100	100
Wrist Far East (Singapore) Pte. Ltd.	Singapore	Singapore	100	100
Wrist Far East (Malaysia) SDN BHD	Malaysia	Jahor Bahru	100	100
Wrist Shenzhen Trading Company Ltd.	China	Shenzhen	100	100
Wrist Hong Kong Trading Company Ltd.	Hong Kong	Hong Kong	100	100
Wrist Middle East (U.A.E.) LLC	Dubai, U.A.E.	Dubai	49	49 *
Wrist North America Inc.	USA	Pasadena	100	100
Marwest LLC	USA	Oakland	100	100
East Coast Ship Supply LLC	USA	New Jersey	100	100
Wrist USA (Houston) Inc	USA	Pasadena	100	100
World Delivery Enterprises LLC	USA	Pasadena	100	100
Klevenberg USA Inc.	USA	Pasadena	100	100
Klevenberg USA Holding Inc.	USA	Pasadena	100	100
Karlo Corporation Supply & Services	Canada	Montreal	100	100

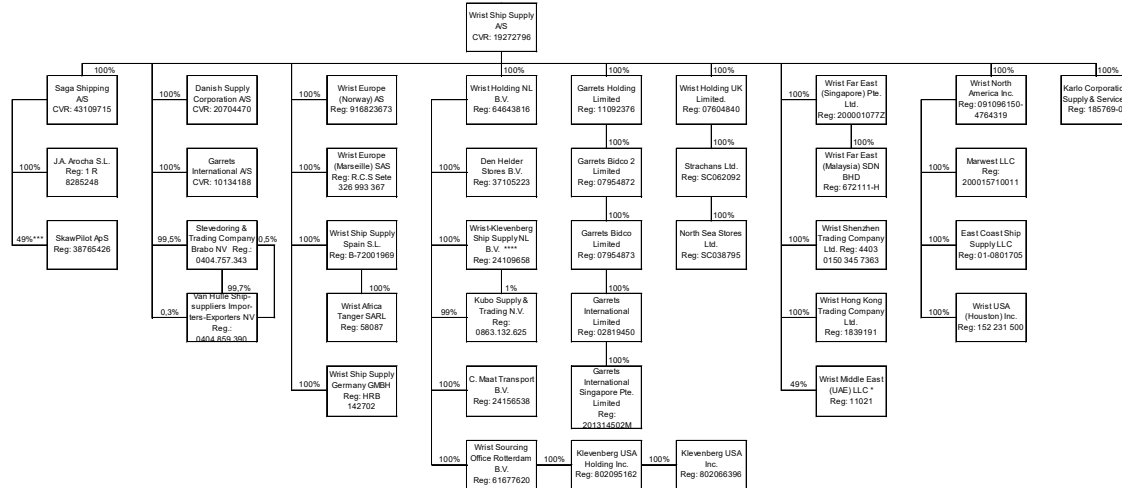
* Wrist Middle East (UAE) LLC is controlled by Wrist Ship Supply A/S according to shareholders agreement.

** As of 21 August 2019 Wrist Kooyman Ship Supply B.V. was merged into Wrist-Klevenberg Ship Supply NL B.V.

*** Liquidated in 2020.

ORGANIZATION

LEGAL STRUCTURE



Notes:

- * Wrist Middle East (UAE) LLC is controlled 100% by Wrist Ship Supply AS according to shareholders agreement.
- ** Crown Secondaries Special Opportunities PLC, Cengal Private Equity Investments II PLC, Crown Middle Market III PLC.
- *** SkawPilot ApS is owned 51% by DanPilot - Lodseriet Danmark, reg. no. 30071735.
- **** As of 21/08/2019 Wrist-Kooyman Ship Supply B.V. was merged into Wrist-Klevenberg Ship Supply NL B.V.

MANAGEMENT

Board of Directors

Søren Dan Johansen, Chairman

Born 1965, Danish.

Member of the Board of Directors and Chairman since November 2014.

Mr Johansen is Chief Executive Officer of Altor Equity Partners A/S, Denmark. He holds a Master's degree in Law.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (C)
- W.S.S Holding A/S, Denmark (C)
- CAM Holding 1 DK ApS, Denmark (C)
- C WorldWide Asset Management Fondsmæglerselskab A/S
- C Worldwide Group Holding A/S, Denmark (C)
- C Worldwide Holding A/S (C)
- Technoinvest A/S (C)
- Norican Global A/S, Denmark (BM)
- Hamlet Protein A/S, Denmark (BM)
- Tresu A/S (BM)
- Tresu Group Holding A/S (BM)
- Tresu Investment Holding A/S (BM)
- Carneo AB (BM)
- Justitia (BM)
- New Nutrition ApS, Denmark (EBM)
- New Nutrition Holding ApS, Denmark (EBM)
- Altor Equity Partners Oy (BM)
- Altor Holding IV AB and subsidiaries (BM)
- Altor Holding V AB and subsidiaries (BM)

Tom Sten Behrens-Sørensen

Born 1958, Danish.

Member of the Board of Directors since 2013.

Mr Behrens-Sørensen is a graduate from the A.P. Moller Shipping Academy and has also attended management courses at INSEAD and The Wharton School of the University of Pennsylvania.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (BM)
- ECCO Sko A/S, Denmark (BM)
- ECCO Shoe Production Pte Ltd, Singapore (C)
- RAK Ports, United Arab Emirates

Kurt Kokhauge Larsen

Born 1945, Danish.

Member of the Board of Directors since 2010.

Mr Larsen is trained in freight management.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (BM)
- Polaris III Invest Fonden, Denmark (C)

Håkan Petter Samlin

Born 1979, Swedish.

Member of the Board of Directors since 2013.

Mr Samlin is a partner of Altor Equity Partners AB, Sweden. He holds a Master's degree in Engineering and Business Management from the Royal Institute of Technology in Stockholm, as well as a Bachelor's degree in Business and Administration from Stockholm University School of Business.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (BM)
- W.S.S Holding A/S, Denmark (BM)
- Ludvig & Co Group AB, Sweden (BM)
- Ludvig & Co Holding AB, Sweden (BM)
- Ludvig & Co MIP AB (BM)
- Nordic Leisure Travel Group Holdings AB, Sweden (BM)
- NLTG Hotels Holding AB, Sweden (BM, C)
- NLTG HH BidCo AB, Sweden (BM)
- NLTG HH Holdco AB, Sweden (BM)
- NLTG Holdco AB, Sweden (BM)
- OX2 AB (BM)
- Xygen HoldCo AB (BM)
- Xygen MidCo AB (BM)
- Xygen BidCo (BM)
- C Asset Management Partners Holding AB (BM)

Kenneth Nielsen

Born 1968, Danish

Member of the Board of Directors since 2018.

Mr Nielsen holds a position as Group Chief Digital Officer in Dr. Max, a regional Pharmacy Chain in Central, East and South-end Europe. Prior to the current position, Kenneth spent 5 years as EVP digital & e-commerce in Salling Group and before that 18 years in various positions at Apple and Amazon in Denmark and other European locations.

He holds a Graduate Diploma in Business Administration (HD, Management & Organization) from Copenhagen Business School as well as a Graduate Diploma in Business Administration (HD, Marketing & Management) from University of Southern Denmark.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (BM)

Robert Kledal

Born 1969, Danish

Member of the Board of Directors since January 2020.

Mr Kledal served as Chief Executive Officer for Wrist Ship Supply in the period from October 2010 to December 2019. Prior to his position at Wrist, Robert spent 21 years in various leadership positions at A.P. Møller-Mærsk across Denmark, Hong Kong, China and USA. He holds an MBA from IMD in Lausanne, Switzerland.

Other duties:

- Wrist Ship Supply Holding A/S, Denmark (BM)
- W.S.S Holding A/S, Denmark (BM)
- Wrist ADM ApS, Denmark (BM)
- Hydro Hull Cleaning A/S (CEO)
- Advisory Board Member, Stirling Management School, Stirling University
- Investment Advisor, TechStationInvest

Tore Myrholt

Born 1957, Norwegian.

Member of the Board of Directors since 2020.

Mr Myrholt has a bachelor's degree from the Norwegian Business School, and an MBA from Harvard Business School.

Other duties:

- Trioplast Industrier AB (C)
- Antler Innovation Ltd (C)
- Viking Capital Ltd
- OQ SAOC
- Arundo Analytics

C: Chairman of the Board of Directors

VC: Vice Chairman of the Board of Directors

BM: Member of the Board of Directors

Ownership

Wrist Ship Supply A/S is fully owned by Wrist Ship Supply Holding A/S. Wrist Ship Supply Holding A/S is owned by W.S.S. Holding A/S (90.17%), preferences shareholders (2.76%) and management investors (7.07%). W.S.S. Holding A/S is owned by Altor Fund II GP Limited, Jersey (98.34%) and external investors (1.66%).

Annual general meeting

The annual general meeting will be held on 21 May 2021 in Copenhagen, Denmark.