Erria A/S

Torvet 21, 1. sal, DK-4600 Køge

Annual Report for 1 January – 31 December 2023

CVR No 15 30 05 74

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 3 April 2024

Martin Skovbjerg
Chairman of the General Meeting

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Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Erria A/S for the financial year 1 January – 31 December 2023.

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2023.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

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

Køge, 12 March 2024

Executive Board

Henrik Normann Andersen
Executive Officer

Board of Directors

Søren Storgaard Chair	Kristian Svarrer Deputy Chair	Ng Sing King

Independent Auditor's Report

To the Shareholders of Erria A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Erria A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

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

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

Independent Auditor’s Report

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

Based on the work we have performed, in our view, Management’s Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management’s Review.

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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.

Hellerup, 12 March 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Nikolaj Erik Johnsen	Philip Olsen
State Authorised Public Accountant	State Authorised Public Accountant
mne35806	mne49060

Company Information

The Company	Erria A/S Torvet 21, 1. sal DK-4600 Køge Telephone: + 45 +45 3336 4400 Facsimile: + 45 +45 3336 4401 E-mail: info@erria.dk Website: www.erria.dk CVR No: 15 30 05 74 Financial period: 1 January - 31 December Municipality of reg. office: Køge
Board of Directors	Søren Storgaard, Chair Kristian Svarrer Ng Sing King
Executive Board	Henrik Normann Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group overview

Parent company

Erria A/S
Køge, Denmark
Share capital: DKK 11,350,154

Consolidated Subsidiaries

- 100%
  Erria Container Services Ltd. Liability Co.
  Ho Chi Minh City, Vietnam
  Share capital: VND 23,833,640,000
- 100%
  Mermaid Maritime Vietnam Company Ltd.
  Vung Tau City, Vietnam
  Share capital: VND 49,252,400,000
- 100%
  Cathy Seal Pte Ltd.
  Singapore
  Share capital: SGD 200,000

Financial Highlights

Group

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Profit/loss					
Revenue	201,199	157,931	59,076	55,457	57,692
Gross profit/loss	65,511	57,845	29,440	25,799	25,150
EBITDA	7,812	13,214	1,785	94	156
EBIT	6,801	12,058	1,180	-492	-983
Net financials	-1,223	-739	-160	-238	-306
Net profit/loss for the year	4,250	9,344	1,003	-691	-1,355
Balance sheet					
Balance sheet total	67,597	69,138	26,631	16,952	19,092
Equity	7,823	3,855	-11,748	-13,424	-12,395
Cash flows					
Cash flows from:					
- operating activities	3,406	11,533			
- investing activities	-203	-1,961			
including investment in PPE	*772*	*461*			
- financing activities	-5,094	-530			
Cash flow for the year	-1,891	9,042			
Number of employees	221	244	175	176	181
Ratios					
Gross margin	32.6%	36.6%	49.8%	46.5%	43.6%
Profit margin	3.4%	7.6%	2.0%	-0.9%	-1.7%
Return on assets	10.1%	17.4%	4.4%	-2.9%	-5.1%
Solvency ratio	11.6%	5.6%	-44.1%	-79.2%	-64.9%
Return on equity	72.8%	N/A	N/A	N/A	N/A

The financial highlights only include Cash Flow Statement for financial years in which the group the apply to the regulations for medium-sized enterprises of reporting class C according to Danish Financial Statements Act.

Management's Review

Key activities

Erria is a Danish conglomerate involved in shipping, offshore operations, logistics, and trading, serving major international clients who outsource their maritime operations.

Development in the year

The income statement of the Group for 2023 shows a profit of DKK 4,250k, and at 31 December 2023 the balance sheet of the Group shows an equity of DKK 7,823k.

Business activities in 2023

Our partnership with Ørsted, which commenced in July 2022, remains a cornerstone of our operations. The agreement, set for five years with an option for Ørsted to extend, forms a stable base for expanding services in sea transport and the energy supply chain.

Offshore Personnel Services involvement in a Greenland route engineering project has laid the groundwork for future engagements in cable installation.

A highlight for Marine Warranty Services in 2023 was being chosen as the Marine Warranty Contractor for a major rig mobilization project.

Despite a challenging year for container transport globally, ECS has adapted well. A new 2-year agreement with Maersk in Vietnam, extending our collaboration since 2013, demonstrates our resilience and strategic adaptability in face of global economic shifts.

Mermaid Maritime Vietnam performed well in 2023, securing multiple significant contracts, including lifeboat services and an agreement with a Vietnamese oil company.

Our seals business saw growth and high activity in 2023, and Cathay Seal has recently secured a significant 3-year agreement with Maersk.

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

At the beginning of 2023, Erria issued guidance for the year, including an anticipated revenue in the range of DKK 170-180m, EBIDTA DKK 5-8m and EBIT DKK 4-7m. Three out of the group's four companies outperformed expectations, leading to an adjustment of forecasts on December 20, 2023 (Company Announcement no. 07/23).

Management's Review

Revenue increased 27% to DKK 201m (2022: DKK 158m). The growth is primarily attributable the Ørsted partnership and growth in all business areas except in Erria Container Services, where activity dropped due to a globally challenged container shipping market. Revenue was also positively impacted by the full-year effect in 2023 of consolidating Cathay Seal, our Singaporean subsidiary, that was acquired in 2022. The revised expectations, including revenue at the level of DKK 200-205 million, were realized upon the completion of the financial statements. This marked the company's highest revenue since its establishment in 1992, amounting to DKK 202 million.

Gross profit increased 13% to DKK 66m (2022: DKK 58m), while the gross margin decreased from 36.6% to 32.6% owing to a changed business mix and price pressure in Container Services.

EBITDA declined 41% to DKK 7.8m (2022: DKK 13.2m) and the EBITDA margin declined from 8.4% to 3.9%. EBIT declined 44% to DKK 6.8m (2022: DKK 12.1m) and the EBIT margin declined from 7.6% to 3.4%. The decline is related to the lower gross margin and business mix as well as restructuring costs in Erria Container Services.

Net profit amounted to DKK 4.3m in 2023 (2022: 9.3m) and the profit margin was 3.4% (2022: 7.6%).

As a result of our operational performance, our free cashflow was positive, enabling us to repay DKK 5m in bank debt in 2023.

Our equity increased to DKK 7.8m (2022: 3.9m) and as a consequence, our solvency ratio increased to 11.6% (2022: 5.6%).

Targets and expectations for the year ahead

Erria Group anticipates a robust performance in 2024, particularly highlighted by the strength of Cathay Seal and Mermaid Maritime Vietnam.

However, challenges persist for the container services business (ECS) as it is impacted by reduced container import and export activities in Vietnam. The adverse conditions are expected to persist until the second half of 2024, with a subsequent optimistic outlook as volume is projected to increase.

On a positive note, Cathay Seal is poised to contribute significantly to Erria Group's success in 2024. The company is expected to deliver a solid performance, buoyed by a promising new extended 3-year contract with Maersk, a key player in the maritime industry.

Management’s Review

Mermaid Maritime Vietnam is also positioned for growth and profitability throughout 2024, boasting a strong pipeline, which indicates a promising future and solid financial returns for the Group.

The Group benefits from the financial flexibility of being a conglomerate and from reduced risk by operating in different industries.

Erria Group's outlook for 2024 reflects diverse performances across its portfolio resulting in slightly lower volumes:

- Revenue DKK 185-200m
- EBITDA DKK 5-7m
- EBIT DKK 4-6m

Operating risks and financial risks

Business risks
As a conglomerate, Erria is facing a spectrum of risks across its different business areas.

<u>Maritime Services</u>
If Erria loses key customers, it may experience a significant reduction in revenue. Dependence on a few major clients increases vulnerability, especially if the departure of a key customer is not swiftly replaced.
If the prime customers alter their demands or service requirements, Erria needs to rapidly adapt. Failure to do so might result in operational inefficiencies and the potential loss of business.
Shifts in the prime customers' demands may reflect broader market trends. Failure to align with these trends might lead to reduced competitiveness and relevance in the industry.

<u>Mermaid Maritime Vietnam</u>
Regulatory compliance is a significant concern for this business unit due to the complex nature of international and local maritime regulations.
Dependency on a few key agreements exposes the company to risks if these contracts are not renewed, altered, or if there are disruptions in their execution.
The marine and offshore industry can be influenced by economic uncertainties, geopolitical events, and shifts in demand. Mermaid is susceptible to market volatility, impacting its revenue and growth.

Management's Review

Erria Container Services
Erria Container Services, being intricately involved in container storage and services, is vulnerable to disruptions in the global supply chain. Natural disasters, geopolitical events, or trade disputes can impact container volumes and logistics operations, affecting revenue and operations.

Cathay Seal
The container seal business faces the risk of counterfeit products, which could lead to revenue loss and damage the company's reputation.
Changes in trade policies and tariffs also pose a potential threat to the cost of goods and supply chain stability. The company's success is tied to the health of the container shipping and leasing industries. Economic downturns or a decline in global trade could lead to reduced demand.

Financial risks

Erria adopts a risk-averse approach to financial risks, fundamentally aiming to minimize these risks to a meaningful minimum. This includes strategies such as adjusting revenues and costs in the same currency to minimize currency risk.

Interest rate risk also poses a significant threat, as changes in interest rates can impact the group's costs and revenues. To counter this risk, the company actively works on implementing a robust risk management strategy. This involves continuous monitoring of exchange rates and interest levels to take proactive measures and adapt to any changes.

Through these initiatives, Erria strives to maintain a healthy financial position and minimize the potential negative effects of currency and interest rate fluctuations on the group's economy.

Capital resources

For information on the group's and parent company's capital resources, we refer to note 1.

External environment

As far as the activities in Denmark are concerned, there are no significant environmental impacts. In ECS, there is an ongoing focus on safety, working environment and waste management and the company is a leader within the industry in Vietnam.

Making it a standard in the shipping industry, MARPOL, Annex V requires vessels to have measures in place for prevention of Pollution by Garbage from ships, as well as for having equipment onboard to collect and store garbage. The regulation requires vessels to have procedures to dispose garbage properly. In Erria, we have implemented waste management plans, and we use the best techniques available to us for reducing the environmental impact of waste management.

Management's Review

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2023	2022	2023	2022
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue		**201,199**	**157,931**	**99,815**	**67,197**
Other operating income		751	2,213	0	0
Cost of sales		-111,231	-83,863	-51,621	-36,448
Other external expenses		-25,208	-18,436	-7,564	-4,666
Gross profit/loss		**65,511**	**57,845**	**40,630**	**26,083**
Staff expenses	2	-57,299	-43,711	-38,030	-25,335
Other operating expenses		-400	-920	0	0
Profit/loss before depreciations and amortisations (EBITDA)		**7,812**	**13,214**	**2,600**	**748**
Depreciation and amortisation of intangible assets and property, plant and equipment		-1,011	-1,156	-54	-6
Profit/loss before financial income and expenses (EBIT)		**6,801**	**12,058**	**2,546**	**742**
Income from investments in subsidiaries		0	0	1,359	0
Financial income		269	392	59	79
Financial expenses		-1,492	-1,131	-1,462	-1,050
Profit/loss before tax		**5,578**	**11,319**	**2,502**	**-229**
Tax on profit/loss for the year	3	-1,328	-1,975	0	0
Net profit/loss for the year	4	**4,250**	**9,344**	**2,502**	**-229**

Balance Sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent 2023	Parent 2022
		DKK'000	DKK'000	DKK'000	DKK'000
Goodwill		3,944	4,643	0	0
Intangible assets	5	**3,944**	**4,643**	**0**	**0**
Other fixtures and fittings, tools and equipment		1,236	1,429	0	53
Property, plant and equipment	6	**1,236**	**1,429**	**0**	**53**
Investments in subsidiaries	7	0	0	15,291	15,291
Fixed asset investments		**0**	**0**	**15,291**	**15,291**
Fixed assets		**5,180**	**6,072**	**15,291**	**15,344**
Inventories		**5,549**	**4,925**	**0**	**0**
Trade receivables		37,151	36,469	13,293	16,801
Receivables from group enterprises		0	0	0	94
Other receivables		3,394	2,708	511	629
Deferred tax assets	10	50	88	0	0
Prepayments		2,033	2,144	989	746
Receivables		**42,628**	**41,409**	**14,793**	**18,270**
Cash at bank and in hand	8	**14,240**	**16,732**	**5,367**	**5,510**
Currents assets		**62,417**	**63,066**	**20,160**	**23,780**
Assets		**67,597**	**69,138**	**35,451**	**39,124**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent 2023	Parent 2022
		DKK'000	DKK'000	DKK'000	DKK'000
Share capital	9	11,350	10,864	11,350	10,864
Reserve for exchange rate conversion		-1,183	261	0	0
Retained earnings		-2,344	-7,270	-11,914	-15,092
Equity		**7,823**	**3,855**	**-564**	**-4,228**
Credit institutions		0	3,750	0	3,750
Convertible and profit-yielding instruments of debt		0	1,233	0	1,233
Long-term debt	11	**0**	**4,983**	**0**	**4,983**
Credit institutions	11	12,002	13,275	12,002	13,275
Trade payables		24,277	25,938	7,121	11,743
Corporate tax payable		958	1,126	0	0
Other payables		8,678	10,365	3,033	3,755
Deferred income	12	13,859	9,596	13,859	9,596
Short-term debt		**59,774**	**60,300**	**36,015**	**38,369**
Debt		**59,774**	**65,283**	**36,015**	**43,352**
Liabilities and equity		**67,597**	**69,138**	**35,451**	**39,124**

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Statement of Changes in Equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	10,864	261	-7,270	3,855
Capital increase	486	0	676	1,162
Exchange adjustments	0	-1,444	0	-1,444
Net profit/loss for the year	0	0	4,250	4,250
Equity at 31 December	**11,350**	**-1,183**	**-2,344**	**7,823**

Parent

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK'000	DKK'000	DKK'000	DKK'000
Equity at 1 January	10,864	0	-15,092	-4,228
Capital increase	486	0	676	1,162
Net profit/loss for the year	0	0	2,502	2,502
Equity at 31 December	**11,350**	**0**	**-11,914**	**-564**

Cash Flow Statement 1 January - 31 December

Group

	Note	2023	2022
		DKK'000	DKK'000
Net profit/loss for the year		4,250	9,344
Adjustments	13	3,323	3,870
Change in working capital	14	-1,486	-5
Cash flows from operating activities before financial income and expenses		**6,087**	**13,209**
Financial income		269	392
Financial expenses		-1,492	-1,131
Cash flows from ordinary activities		**4,864**	**12,470**
Corporation tax paid		-1,458	-937
Cash flows from operating activities		**3,406**	**11,533**
Purchase of intangible assets		-39	0
Purchase of property, plant and equipment		-772	-461
Acquisition of business activities		0	-1,500
Sale of property, plant and equipment		608	0
Cash flows from investment activities		**-203**	**-1,961**
Repayment of debt to credit institutions		-5,023	-281
Repayment of other long-term debt		-71	-249
Cash flows from financing ativities		**-5,094**	**-530**
Cash flow for the year		**-1,891**	**9,042**
Cash at bank and in hand at beginning of period		16,732	5,158
Acquired cash from purchase of business activities		0	2,511
Currency adjustments		-601	21
Cash at bank and in hand at 31 December		**14,240**	**16,732**

Cash and bank balances include DKK 12.9 million placed in companies with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

Notes to the Financial Statements

1 Capital resources

The parent company has a negative equity of DKK 0.6 million and an interest-bearing debt that amounts to DKK 12.0 million at 31 December 2023 which is short-term debt. The group has a positive equity of DKK 7.8 million at 31 December 2023.

The group's primary credit institution has confirmed that they will maintain the existing credit facilities up to and including 31 December 2024 on the assumption that concluded/existing agreements are met, including the company's budget for 2024 etc. Further, the group's primary credit institution has indicated that they are positive about temporary short-term expansions of the group's credit facilities of up to DKK 1.0 million around monthend closings, provided that the monthly 2024-budgets are met.

Based on the informations from the group's primary credit institution, management has assessed the liquidity and concluded that no material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern in 2024.

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000
2 Staff expenses				
Wages and salaries	51,275	38,440	34,980	23,518
Pensions	2,418	1,381	2,130	1,229
Other social security expenses	1,206	1,230	257	145
Other staff expenses	2,400	2,660	663	443
	57,299	**43,711**	**38,030**	**25,335**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3,130	1,654	313	1,654
Board of Directors	120	120	120	120
	3,250	**1,774**	**433**	**1,774**
Average number of employees	221	244	31	31
3 Tax on profit/loss for the year				
Current tax for the year	1,290	2,063	0	0
Deferred tax for the year	38	-88	0	0
	1,328	**1,975**	**0**	**0**

Notes to the Financial Statements

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000

4 Profit allocation

Retained earnings	4,250	9,344	2,502	-229
	4,250	**9,344**	**2,502**	**-229**

5 Intangible assets

	Goodwill
	Group
	DKK'000
Cost at 1 January	17,514
Additions for the year	39
Currency translation adjustments	-85
Cost at 31 December	**17,468**
Depreciation at 1 January	12,871
Depreciation for the year	723
Currency translation adjustments	-70
Depreciation at 31 December	**13,524**
Carrying amount at 31 December	**3,944**
Depreciated over	10 years

Notes to the Financial Statements

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	
	Group	Parent
	DKK'000	DKK'000
Cost at 1 January	9,993	59
Additions for the year	772	0
Disposals for the year	-868	0
Currency translation adjustments	-387	0
Cost at 31 December	**9,510**	**59**
Depreciation at 1 January	8,564	6
Depreciation for the year	288	53
Reversal of depreciation of sold assets	-260	0
Currency translation adjustments	-318	0
Depreciation at 31 December	**8,274**	**59**
Carrying amount at 31 December	**1,236**	**0**
Depreciated over	4 - 10 years	4 - 10 years

7 Investments in subsidiaries

	Parent	
	2023	2022
	DKK'000	DKK'000
Cost at 1 January	15,291	7,794
Addition	0	7,497
Carrying amount at 31 December	**15,291**	**15,291**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Erria Container Services Ltd. Liability Company	Vietnam	100%
Mermaid Maritime Vietnam Company Ltd.	Vietnam	100%
Cathy Seal Pte. Ltd.	Singapore	100%

Certain of the Group's subsidiaries are not subject to an audit by PricewaterhouseCoopers.

Notes to the Financial Statements

8 Cash at bank and in hand

The company's cash at bank and in hand amount to DKK 14.2 million of which DKK 7.7 million is placed in Vietnamese companies, and therefore not directly available to other group companies. In addition, DKK 5.2 million is placed as guarantee for fulfillment of customer contracts in the parent company.

9 Share capital

The share capital consists of 11.350.154 shares of a nominal value of DKK 1.

No shares carry any special rights.

The share capital has developed as follows:

	2023	2022	2021	2020	2019
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	10,863,544	9,241,922	9,241,922	9,241,922	8,686,354
Capital increase	486,610	1,621,622	0	0	555,568
Share capital at 31 December	**11,350,154**	**10,863,544**	**9,241,922**	**9,241,922**	**9,241,922**

10 Deferred tax assets

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000
Deferred tax assets at 1 January	88	0	0	0
Deferred tax recognised in the P&L	-38	88	0	0
Deferred tax assets at 31 December	**50**	**88**	**0**	**0**

Notes to the Financial Statements

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000

11 Long-term debt

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

The debt falls due for payment as specified below:

Credit institutions

	Group 2023	Group 2022	Parent 2023	Parent 2022
Between 1 and 5 years	0	3,750	0	3,750
Long-term part	0	3,750	0	3,750
Other short-term debt to credit institutions	12,002	13,275	12,002	13,275
	12,002	**17,025**	**12,002**	**17,025**

Convertible and profit-yielding instruments of debt

	Group 2023	Group 2022	Parent 2023	Parent 2022
Between 1 and 5 years	0	1,233	0	1,233
Long-term part	0	1,233	0	1,233
Within 1 year	0	0	0	0
	0	**1,233**	**0**	**1,233**

12 Deferred income

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

13 Cash Flow Statement - adjustments

	Group 2023	Group 2022
Financial income	-269	-392
Financial expenses	1,492	1,131
Depreciation and amortisation	1,011	1,156
Tax on profit/loss for the year	1,328	1,975
Other adjustments	-239	0
	3,323	**3,870**

Notes to the Financial Statements

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000

14 Cash Flow Statement - change in working capital

	2023	2022
Change in inventories	-624	-225
Change in receivables	-2,708	-14,560
Change in payables	1,846	14,780
	-1,486	**-5**

15 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group 2023	Group 2022	Parent 2023	Parent 2022
The company has placed fixed assets investments as security for debt to credit institutions			15,291	15,291

Rental and lease obligations

	Group 2023	Group 2022	Parent 2023	Parent 2022
After 5 years	2,355	2,572	0	0
Between 1 and 5 years	8,894	7,024	0	0
Long-term part	11,249	9,596	0	0
Within 1 year	6,732	4,138	165	137
	17,981	**13,734**	**165**	**137**

16 Related parties

Related parties include members of the Board of Directors and the Executive Management and main shareholders of Erria A/S.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. There are no such transactions.

Notes to the Financial Statements

	Group		Parent	
	2023	2022	2023	2022
	DKK'000	DKK'000	DKK'000	DKK'000

17 Subsequent events

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

18 Fee to auditors appointed at the general meeting

	Group 2023 DKK'000	Group 2022 DKK'000	Parent 2023 DKK'000	Parent 2022 DKK'000
Audit fee	242	214	147	125
Tax advisory services	6	0	6	0
Non-audit services	28	35	28	35
	276	**249**	**181**	**160**

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Erria A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2023 are presented in kDKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Leases

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

Translation policies

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

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

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

Income Statement

Revenue

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

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

19 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

19 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years based on management's experience within the business area. Goodwill is amortized over the estimated useful life of the investment in the subsidiary based on the business case that was determined at the time of the acquisition.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Other fixtures and fittings, tools and equipment	4-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, writedown is made to this lower value.

Notes to the Financial Statements

19 Accounting Policies (continued)

Inventories

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

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

The cost of raw materials and consumables equals landed cost.

Receivables

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

Prepayments

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Deferred income

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents
Cash and cash equivalents comprise ”Cash at bank and in hand”.

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$