

Business Review 2021



Reinforcing industry leadership developing digital customer services

In 2021, Wrist further consolidated its position as the world's leading supplier of marine provisions and stores to the ship and offshore industry, not least through strategic transition and the development of customized digital solutions across the Group. This yielded tangible results, strongly leveraged by dedicated employees who have embraced these customized digital solutions and initiatives to secure a future proof industry.

We succeeded in increasing business volume and revenue in the ship supply business and improving the underlying operating profit. Several major, global customer frame agreements were expanded and landed despite the turbulent market development, characterized by food and steel price inflation, global supply chain challenges, and historically high ocean freight rates – all leading to general cost increases and volatility.

In 2021, we continued to explore new opportunities for growth and acquisition, and in February 2022, we finally concluded the acquisition of the ship chandler, Centralam Panama, based at the Panama Canal. In acquiring Centralam Panama, Wrist has expanded its global reach and secured a foothold at one of the world's most important maritime crossroads.

Increased revenue and operating profit

Our consolidated revenue for 2021 totalled DKK 4.5bn, up 3.6% from 2020. Gross profit decreased slightly in 2021 to DKK 1,166m from DKK 1,182m in 2020, resulting in a drop in the gross profit ratio to 26.1% compared to 27.1% in 2020. The primary driver for the lower ratio was the long run effects of COVID-19, including food and steel price inflation, high freight rates, and supply chain disruptions as well as a time lag in compensation from customers for these external cost increases.

Operating profit (EBITA) arrived at DKK 155.5m compared to DKK 142.2m in previous year. A like-for-like comparison of EBITA for 2020 and 2021 revealed an increase of 9.4% or DKK 13m as the result of strategic adjustments, including optimized sourcing and sales pricing strategies.

The Group's equity stood at DKK 932m at the end of 2021, up DKK 104m compared to 2020.

Customer centricity

In 2021, we intensified our efforts on customer centricity to enforce scaling, automation, and end-to-end efficiencies. We continued the development of the Wrist operating model, aiming at a strong front-line management supported by global and regional centres of excellence. 2021 saw the expansion of the centralized shared services operation based in Manila to meet our customers' need for standardized and digitalized services. This expansion made us even more efficient and agile in meeting our customers' demand for lower product costs, ordering, and paying.

Digital game changers

With the founding and funding of a new digital marketplace, Source2Sea, Wrist has taken ship supply to the next level through the elimination of the analogue friction that still plagues marine procurement and supply. Source2Sea is a multi-supplier marketplace that facilitates marine procurement and supply between maritime buyers and suppliers, increasing convenience and transparency throughout the eco-system all while reducing costs. Source2Sea operates independently of the Wrist Group with Wrist Ship Supply as a major supplier of provisions and stores as well as logistics. Investments to strengthen operational capabilities and infrastructure in the remaining business were also prioritized during 2021. Our business area of Marine Logistics saw the launch of an online customer portal providing customers with 24/7 logistics updates in real time, transparency in logistics, and an overview of the entire delivery process.

In 2021, we also continued the innovation of the business area of Provision and Stores Management with the planning of a new online ordering platform. The platform is designed for smart ordering and stock management, and we expect it to be fully launched in August 2022.

Anders Skipper, Group CFO

“We anticipate organic growth benefitting from our strong market position. For 2022, we expect total sales to grow to around DKK 4.7-4.9bn and an increase in the operating profit to DKK 240-265m. These expectations may be impacted by the Russia-Ukraine war causing supply chain disturbance and price volatility.”



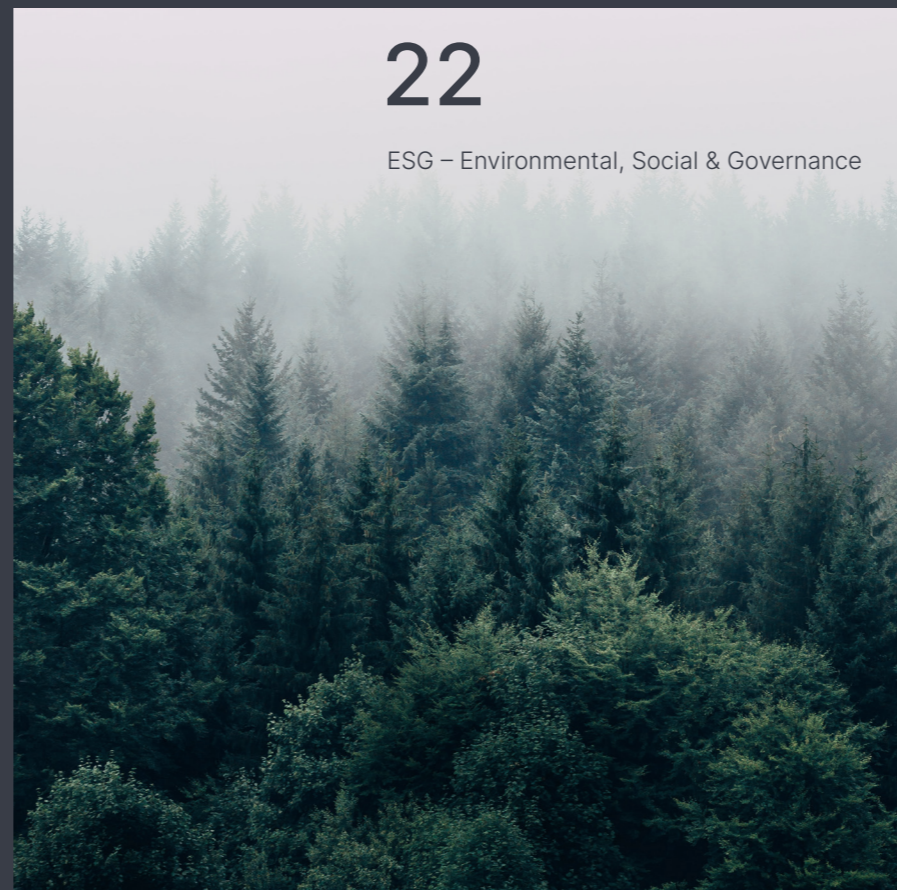
On a Group level, we have strengthened our pool of talents within master data, business intelligence, and pricing with the aim to enforce the data-driven journey providing customers with real time data for optimized purchasing.

Outlook for 2022

Expectations to the green transition within the maritime and offshore industries are higher than ever. With thousands of different products and solutions delivered to seafarers around the world, we are aware of our contribution to the climate footprint.

In 2021, we launched our first environmentally friendly product line, Aware, to meet our customers' increasing need for responsible stores and provisions. The go-to-market initiative is strongly supported by an ESG-strategy to be launched in 2022 that will support business growth.

We remain committed to leading the digitalization in our industry to provide our customers with convenience, efficiency, and data transparency in their everyday procurement. We will continuously explore new opportunities for serving our customers through innovation and technology, thereby fuelling both organic growth and acquisitions to sustain our leading position.



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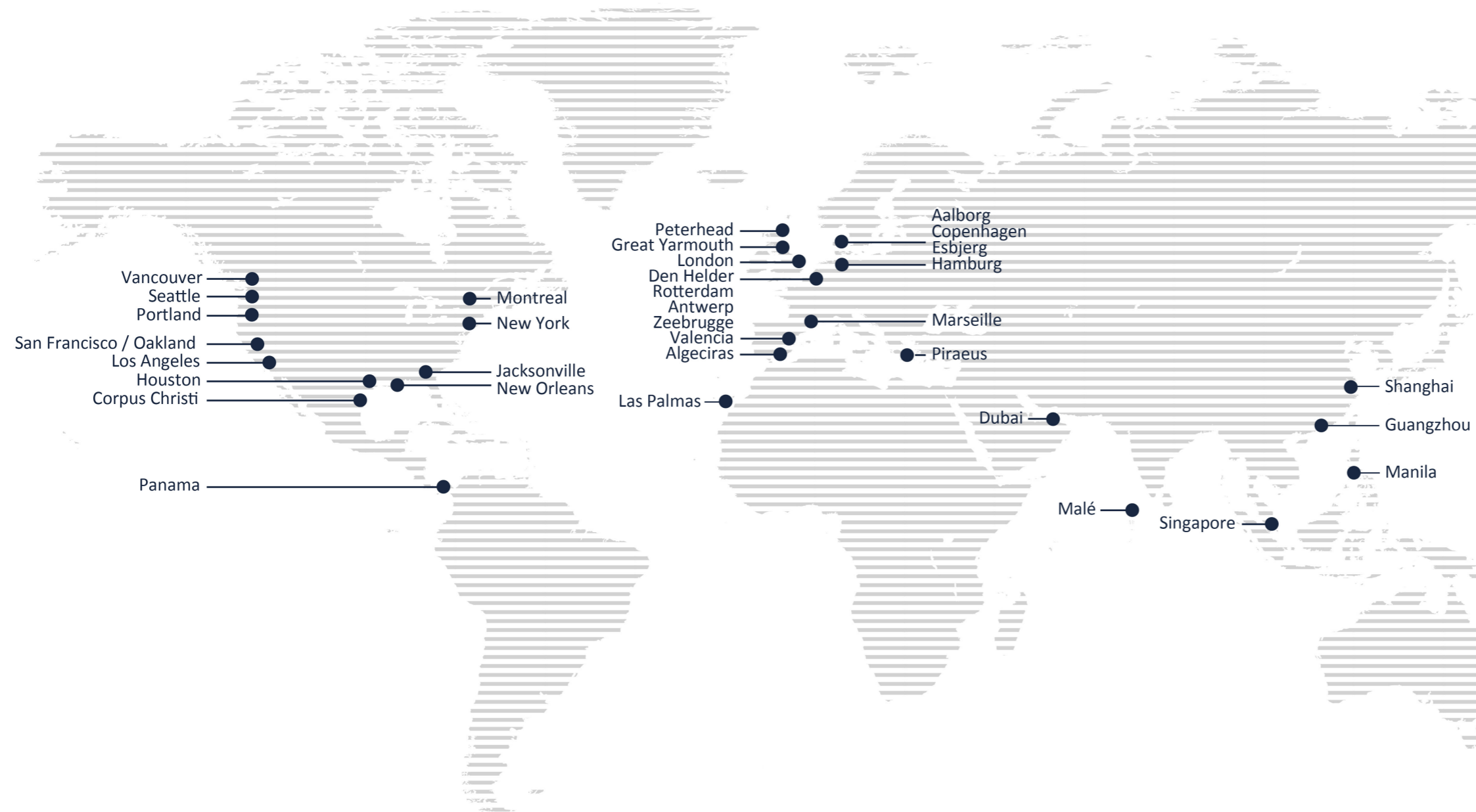
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Wrist at a glance



About us

Wrist is the world's leading ship and offshore supplier of marine provisions and stores with a market share of approximately 9%. Wrist is the only stores and provisions marine supplier with a global network of supply operations. Wrist also offers services within owners' goods and spare parts logistics and distribution combining deliveries to vessels.

Wrist is leading the digitalization agenda of the maritime supply industry. We offer 24/7 global online sourcing and logistics, providing data transparency, automation, and convenience to customers.

We continuously work on reducing our own climate impact, while at the same time meeting our customers' growing demand for responsible solutions and services.

From more than 30 locations worldwide in all major shipping locations, 1,600 Wrist employees take pride in making it easy for customers to order and receive supplies – where and when they are requested.

wrist.com

Founded:

1953

Revenue:

DKK 4,5bn

No. of employees:

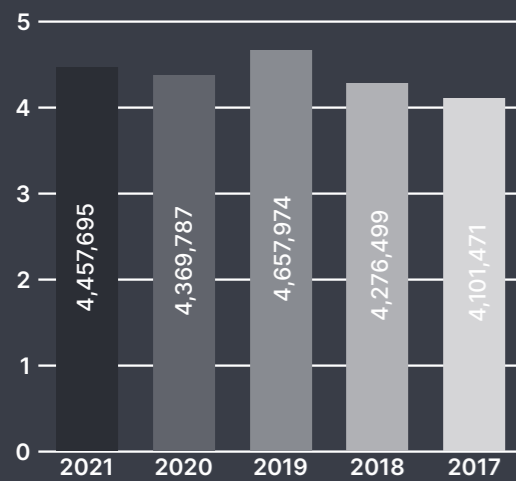
1,600

Mission:

Expert care making our customers' life at sea better and Wrist a great place to work

Financial highlights

Revenue
DKK

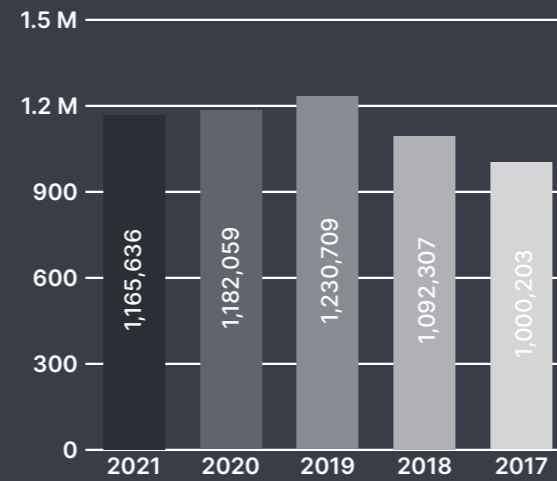


Revenue

The volume of supplies to ships and offshore increased in 2021, which is mainly linked to the partial global recovery from the COVID-19 pandemic. The increase in sales is seen throughout most business activities and is sizeable in Ship Supply.

In total, and in reporting currency, the net sales increased 2.0%, amounting to DKK 4,458m compared to DKK 4,370m in 2020.

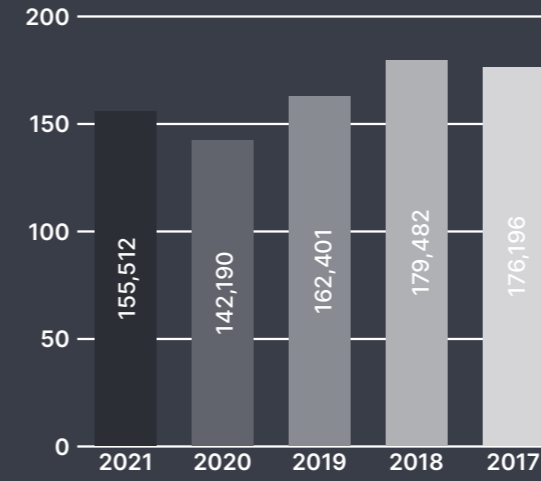
Gross profit
DKK



Gross profit margin

Gross profit decreased in 2021 to DKK 1,166m from DKK 1,182m in 2020. The gross profit ratio decreased to 26.1% compared to 27.1% in 2020. The primary drivers for the lower ratio were the massive increase we have seen in the international freight rates, higher inflation, and supply chain disruptions leading to volatility.

Operating profit (EBITA)
DKK

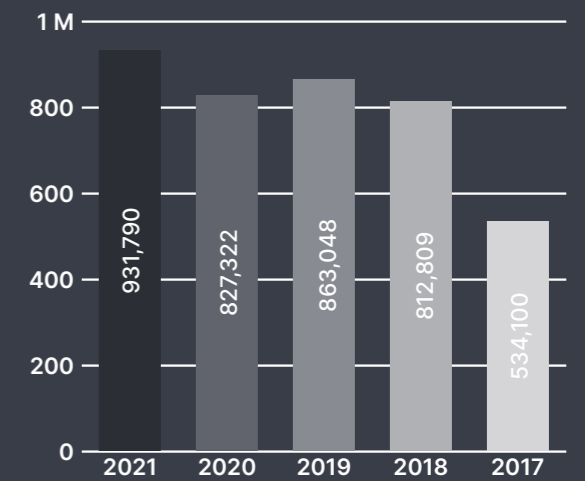


Operating profit (EBITA)

The reported EBITA increased by DKK 14m from DKK 142m in 2020 to DKK 156m in 2021, which is an increase of 9.4%. The operating margin (EBITA) was 3.5% in 2021 compared to 3.3% in 2020.

When comparing the operating profit with the annual report for 2020 (EBITA DKK 185-205m), the negative deviation is due to cost increases from supply chain disruptions, higher than expected price inflation, and substantially increased expenses for business development activities.

Equity
DKK



Equity

The Group's equity stood at DKK 932m at the end of 2021, compared to DKK 827m in 2020, while debt inclusive of lease obligations was DKK 698m, compared to DKK 666m the previous year.

Reinforcing growth and digitalization

The deployment and execution of the strategy launched in 2018 and revamped in the second half of 2019, intensified during 2020 and 2021, and significant resources were added to the implementation.

Our first experiences with the execution of the current strategy (during 2019) led to us further strengthen the initiatives of Ship Supply, particularly within Sales Excellence and Operational Excellence – initiatives that were truly transformational. This strategy extended the timeline into 2022, and we are currently developing the next strategy for end 2022-2026. Compared to 2020 and 2019, the current strategy drove substantially improved results in 2021 within the Ship Supply part of our business – despite COVID-19.

This progress has not come without substantial investment in the business, where we have added resources in Global and Regional Sales and Marketing, Global and Regional Procurement, Pricing, Tender Management, Data Analytics, IT, and Business Intelligence to support the front line.

The continued development of the Wrist operating model aims at a strong frontline management supported by scope and scale functions in global

and regional centres of excellence. Standardized and digitalized services have been implemented to deliver improved service and become more efficient, agile, and customer-focused, and to make Wrist future-proof. In November 2021, part of the Accounts Payable and the Accounts Receivable activities were centralized in the shared services operation in Manila, the Philippines to improve our competitiveness and meet our customers' demand for lower product costs, standardized services, and easy customer ordering and payment.

Global footprint

For more than a decade, it has been a part of Wrist's strategy to take a leading role in the global consolidation and development of a traditionally fragmented ship supply industry. Consequently, Wrist is continuously exploring new opportunities for serving customers through innovation and technology, thereby fuelling organic growth, acquisitions, and start-ups.

In 2021, we explored new acquisition opportunities and finally in February 2022, we completed the acquisition of the ship chandler, Centralam Panama, based at the Pacific side of the Panama Canal. In acquiring Centralam Panama, we are expanding our global, operational, commercial, and procurement network and thus our unique global offering at one of the world's most important maritime crossroads.

Digital marketplace for marine supply and procurement

2021 marks the foundation and funding of Source2Sea as the go-to, online, sourcing marketplace. It is an open multi-supplier marketplace facilitating ship marine procurement and supply between maritime buyers and suppliers through online customized product catalogues. Source2Sea streamlines the way shipping companies get their ship supplies, spanning contracting, procurement, payment, and delivery.

With Source2Sea, we aim to empower crews and purchasers as well as incentivize suppliers, all while reducing costs and increasing convenience, transparency, and automation throughout the ecosystem.

The marketplace has been developed in close collaboration with and for leading industry players on both the supply and demand sides. Source2Sea has been built without leaving anyone out. Global provisions, stores, bonded items, and spare parts – Source2Sea takes pride in facilitating a broad range of products and solutions, offering purchase and order insight, track and trace, data analysis, and benchmarking.

Digital journey

Digital interaction with customers and vendors is key to maintaining our position as the world's leading ship and offshore supplier.

In addition to our new, innovative digital marketplace, digital solutions introduced in 2021 include:

Online ordering platform

Our business area of Provision and Stores Management initiated the development of a new online ordering platform designed for smart ordering and stock management procuring. The ordering platform will provide logistics analytics, transparency, data, and insights for our customers to get direct access to real time data on their spend composition, behaviours, etc.

Marine logistics customer portal

Our Marine Logistics business area launched a new dynamic platform in 2021 to provide our customers with real-time updates and an overview of their entire delivery process. The portal is developed to meet current and future needs of our customers, supporting the demand for a higher level of digitalization.

Heading for a new strategy period

With a continuous development of our operating model, we have reached targets to increase sales from contractual commitments as well as significantly increased sales from digital interfaces.

Investments in operating platforms and system implementations enable us to comply with digitalized customer and vendor solutions – the strategic platform for future growth is well-established.

Looking into a new strategy cycle, new goals are set, and it is our ambition to:

Accelerate our globally leading position as the number one trusted partner of integrated marine supply and logistics services by spearheading the digital evolution, offering stand-alone services as well as integrated and sustainable solutions.

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 services 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, Central America, Europe, the Middle East, and Asia through both organic and acquisition growth, thus offering customers a unique, global value proposition.
- Employ, develop, inspire, motivate, and retain a diverse team of global Wrist colleagues.

Towards the next level of ship supply

In 2021, our Ship Supply business area provided strong customer service, aiming at the development of strategic ambitions for customer excellence even further. 2021 was also characterized by continuous turbulence in the shipping industry, but even so, Ship Supply delivered a solid result.

Earnings for 2021 within Ship Supply improved compared to 2020. The improvement was driven by increased sales and gross margin. The gross margin leveraged despite higher costs in the supply chain due to inflationary impact added by supply chain challenges.

Navigation in stormy waters

World trade drove up the demand for improved infrastructure including container vessels, containers, container terminal capacity, etc. Infrastructure capacity has turned into a permanent struggle that results in global supply chain disruption and consequently extended lead times and instability.

For our customers, all this, combined with inflation, means that products and services have become more expensive.

At Wrist, we continuously seek closer cooperation with our customers at an earlier stage to mitigate the impact from supply chain challenges, while incorporating and practicing long-term planning wherever possible.

Customer excellence

In 2021, we saw an increase in customer needs for scale, global organizational resources, technology, strong infrastructure, and end-to-end services. Wrist's worldwide network is uniquely positioned to meet these demands.

We initiated the development of a central pricing model to establish an improved pricing approach and better guidance on pricing across customers, items, and categories – which is also in line with our digital strategies. This will provide our customers with the most cost-effective solution to their specific needs and requirements.

Focus on climate footprint

With thousands of different products and solutions delivered to seafarers around the world, we are aware of our impact on the climate. We are proud to have launched Aware in 2021 – Wrist's own co-brand to let our customers opt for:

- Eco-friendly solutions and services
- Premium quality in cooperation with recognized trademarks
- A product line that meets the increasing need for reducing our carbon footprint in the maritime industry.

We want to make it easy for our customers to be environmentally aware. With the aware product range, we provide responsible alternatives to the conventional products used in the maritime industry.

Global product quality standards

We have identified the need for a standard quality product range within hand tools and a premium quality product range for personal protective equipment. Throughout 2021, we developed two strong private labels, NJORD and Pontus:

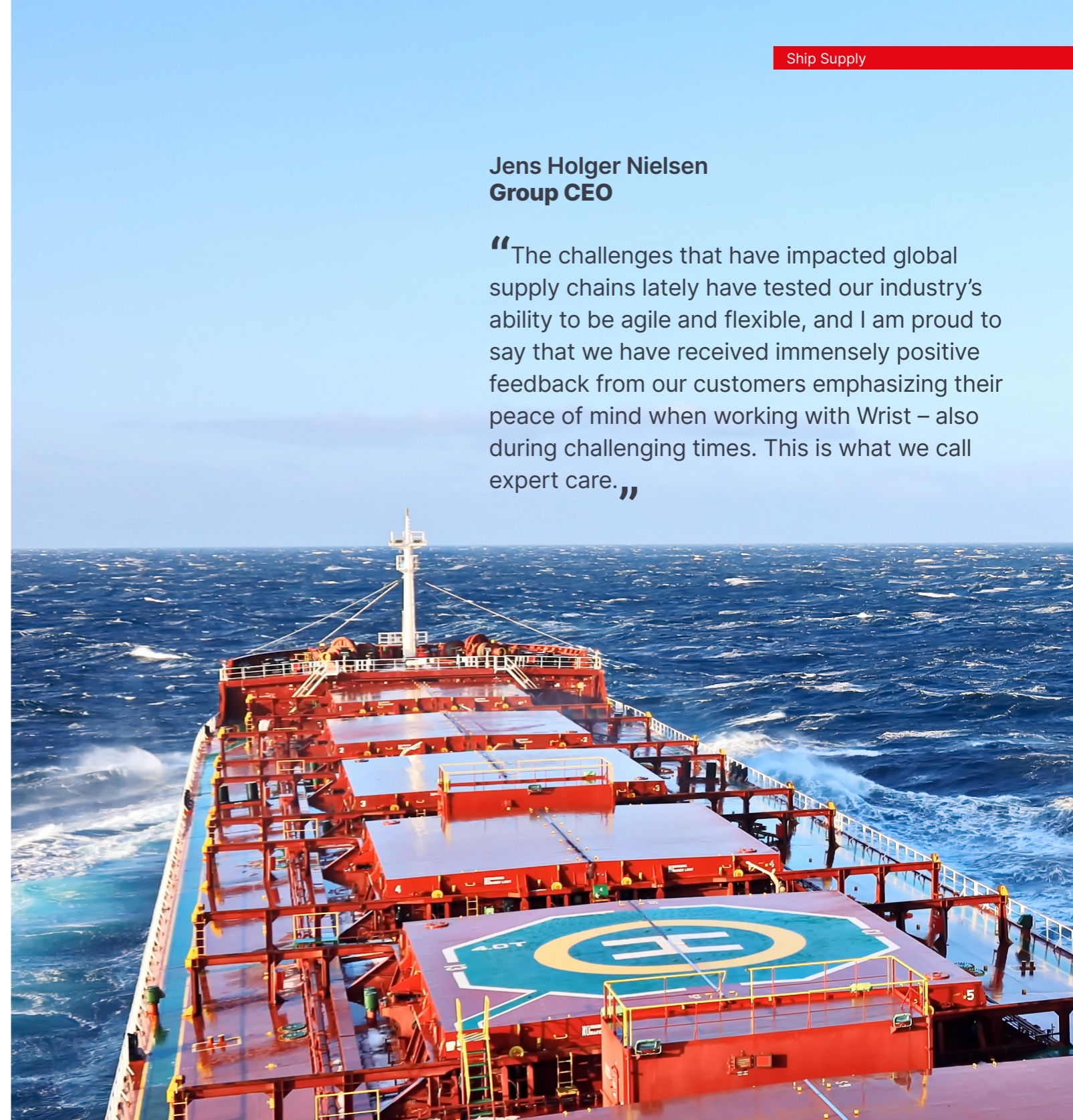
- NJORD: a premium quality product line for personal protective equipment with high longevity
- Pontus: a standard quality tool line at a fair price complying with general market needs.

The introduction of private labels in Wrist is an important step for us to continuously develop strategic partnerships with our customers where price level and quality are well-known.



Jens Holger Nielsen
Group CEO

“The challenges that have impacted global supply chains lately have tested our industry's ability to be agile and flexible, and I am proud to say that we have received immensely positive feedback from our customers emphasizing their peace of mind when working with Wrist – also during challenging times. This is what we call expert care.”



About Ship Supply

Ship supply remains at the core of Wrist's DNA. We supply a broad range of products, including provision and deck, engine, electrical, cabin and bonded stores. Wrist excels in marine logistics and utilizes a three-pronged global, regional, and local procurement supply chain to provide competitive costs. Our service concept comprises the bundling of provisions, stores, spare parts, and logistics needs, as well as global storing and forwarding.

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 meet these wishes and demands.

Development for improved efficiency and data transparency

Outsourcing of provisioning to vessels has increased significantly over the years, enhancing procurement efficiency, reducing customers' overhead costs, and providing budget certainty while ensuring quality and the welfare of crews.

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. From our business area within Provision and Stores Management under the name of Garrets, we served more than 1,500 vessels all over the world during 2021, roughly 3% of the global fleet. Both businesses hold a firm focus on quality, based on agreed parameters, and are dedicated to the management of budgets. Long-term partnerships with customers are built through mutual trust and transparency.

Strong position in a challenged industry

2021 was characterized by continuous turbulence in the shipping industry. We saw high inflation, supply chain challenges, and high volatility in the tanker and bulk segments. We also experienced many vessels being sold or having a change in management.

Within our business area of Provision and Stores Management, we have invested considerably in digital solutions during the COVID-19 pandemic and

are now in a strong position to benefit our customers from these investments.

Life at sea is about to get a whole lot easier

In 2021, we started the planning and scheduling of a new digital ordering platform to ensure a much faster and easier ordering process. The platform is designed for smart ordering and stock management and is expected to be launched in August 2022.

Along with the new digital ordering platform comes new analytics for our customers to get direct access to live data in regard to their spend composition, behaviour, etc. The platform will allow our customers to get access to data they do not have today. This data will enable even better decision-making on the management of customers' provisions and stores.

Lars Bomholt
Managing Director, Garrets

“The new digital ordering platform will allow us to develop closer and more transparent collaboration with our customers.”



About Provision & Stores Management

We 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 that has a global supplier audit program.

In alignment with the Wrist Group's mission of “Expert care – making our customers' life at sea better and Wrist a great place to work”, we 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, we emphasize 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 seafarer's plate.

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

Towards a lower-carbon future

Having met the constantly evolving requirements of the offshore oil and gas and renewables market for more than 40 years, the Offshore Supply of the Wrist Group is an important player in the market. The core of the business is to meet all customer needs for product supply – including increasing requirements in 2021 to reduce carbon emissions.

Our business area within Offshore Supply, under the name of Strachans, is the leading offshore supply brand in Northern Europe. Together with other entities of the Wrist Group in the US Gulf, Middle East, and Asia, we 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, we hold stock of over 3,000 provision products. Other requirements are catered for by dedicated staff that will source just about any item.

Well-prepared for troubled waters

2020 and 2021 saw the offshore business having to deal with COVID-19, Brexit fallout for the UK, product availability issues, a hyper-inflation market, and for a period of time a depressed oil price.

Early actions taken by the business ensured that we were able to fully serve and support customers in these 'troubled waters', and are now well set to support what looks like a far more encouraging outlook for 2022. With confirmed repair and maintenance projects, increased drilling activity, and renewables infrastructure development, we see more activity in 2022.

Future-proof business

The UK oil and gas industry has committed to halve operational emissions by 2030, supporting the development of carbon capture and storage (CCS), hydrogen production, and offshore wind.

Our business model has evolved to embrace oil and gas, wind and renewables, and carbon capture. By the end of 2021, renewables accounted for 2% of the Offshore Supply turnover, with the segment expected to grow very fast by 2025.

A detailed strategy and blended operating model have been developed to fully support renewables, international supply, and traditional ship supply.

Working towards carbon neutrality is a key focus area for the business. With single-use plastics now removed and emissions from operations and utilities having been reviewed, focus is now very much turning to the supply chain, to look into the way products are sourced and what responsible alternatives to conventional products are available.

New identity – same philosophy

To evolve and embrace the change in the offshore industry, Strachans has re-launched its brand, clarifying this evolution.

The new brand rationale respects the past, while launching a new symbol made up of three elements: gold 'S', waves, and wind.

Combined, the three elements form a logo and brand that symbolizes moving forward towards the new era – a more sustainable tomorrow.

Stuart Donaldson
Managing Director, Strachans

“In Strachans, we are well aware of the changes that are happening to both the energy sector and society as we work towards achieving carbon neutrality targets. We have a key part to play and are evolving the operating model to meet the demands of tomorrow.”

About Offshore Supply

Oil and gas remains the primary area of business, accounting for 80% of Strachans' turnover within Offshore Supply. Significant work has been carried out to extend contracts with key clients and this remains a focus area in 2022. Through strategically located distribution centres, we support anything from platforms with 300+ staff to platform supply vessels with a crew of 12, with a full range of products and services.

To ensure frozen and chilled products reach their final offshore destinations in excellent condition, we operate a fleet of over 200 icebox containers, preserving product temperatures for up to four days without an external power supply.

Direct deliveries to vessels at quayside are all managed through a fleet of dedicated Euro 5 multi-temperature vehicles ensuring product integrity through the entire supply chain.

Competitive marine logistics solutions

24-hour insight into the entire logistics process is now available to our customers, together with real-time tracking and customized data for each vessel and order. The launch of our WML online customer portal in 2021 supports the demand for a higher level of digitalization, efficiency, and transparency within marine logistics.

The Wrist Group runs its spare parts forwarding and logistics services in Wrist Marine Logistics (WML). WML is a global partner for all logistics services to ship owners and ship managers worldwide.

Counterbalancing skyrocketing freight rates

As mentioned, world trade increased – partly driven by COVID-19 – and drove up demand for infrastructure resulting in global supply chain disruption (container vessels, containers, container terminal capacity, etc.) and consequently extended lead times, instability, and much higher freight rates. At Wrist, we urge close cooperation at an earlier stage to limit possible delays and higher freight costs.

We find alternative logistics solutions where possible. To avoid expensive sea and air freight rates, we use road and rail transport whenever it creates the most value for our customers. With our online customer portal, customers can plan deliveries to minimize the number of deliveries to the vessel, consolidating their provisions, stores, and spare parts to reduce last mile costs significantly.

24-hour online logistics insights

The WML online customer portal was developed to meet the current and future needs of our customers. The portal also improves our internal workflows and streamlines our business. Stand-alone reports and separate emails have been replaced by online access and auto-generated notifications.

Each account is specially tailored to each vessel's demands, presenting a live status for each customer order in real-time data. The portal provides complete transparency for the entire delivery process as well as shipment history, delivery performance, and number of orders. All data is made available in the same place, in a seamless interaction between our customers and WML.

The customer portal also comes with a cost analysis module, allowing customers to break down the costs per kilo, in transport modes, and in cost groups. Further development of the online customer portal will include the calculation of carbon emissions as well.

Frank Hjorth
General Manager, Wrist Marine Logistics

“Besides offering our customers a faster, more immediate way of getting their answer to a delivery date or a quote request, a self-service portal is a strong way of boosting our relationship with customers and reaching out to new potential customers.”

About Marine Logistics

WML offers cost-efficient door-to-deck solutions (storage, pick-up, transport, and on-board delivery of ship spares) in all major ports and provides customers with the convenience of a single point of contact. We provide a world-leading logistics service which includes spares forwarding for a large variety of products and project freight, the coordination of complex operations involving out of gauge shipment of larger parts.

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 our own global network as well as 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 revolution of ship supply

In 2021, the Wrist Group founded and funded Source2Sea as an independent start-up. Source2Sea is an open digital marketplace, facilitating trade between any supplier and buyer seeking unmatched efficiency, convenience, and data transparency – all to support the digital transformation the industry sorely needs.

The ship supply industry has only recently started adopting solutions driven by data and digitalization. We have therefore missed out on extracting the value, which lies in the elimination of friction points in the analogue procurement and ship supply process. Source2Sea's digitalization of marine procurement and supply reduces complexity for buyers and sellers alike, enables lower total cost through greater efficiency, and will improve the quality of life for thousands of seafarers around the globe.

End-to-end digital solutions

In Source2Sea, we provide digital end-to-end solutions, starting on board the vessels with a custom-built catalog, over the procurement office ashore, to the supplier's purchase order confirmation, invoice, and final delivery on board, spanning every category except bunker.

We will continuously develop value-added services, both to satisfy market demands and to bring innovative elements into the data-driven supply chain process. The value-added services will address current gaps in the market and be tailored to both buyers and suppliers. On the buyer side, procurement benchmarking, spend analysis, and journey planning are examples of services the market needs. On the supplier side, they seek for predictive procurement and trade financing instruments.

Our 'What you click is what you get' philosophy is at the core of everything we do – just like the experience from shopping online. We have seen that the market is ready to embrace ways to close the gap between traditional analogue business and technology. A key parameter is to drive the transformation and innovative approach, while at the same time developing the solutions in close partnership with customers. The most significant trends in the market support this. There is a clear focus to streamline, consolidate, and develop closer customer relations – both commercially and digitally.

Digital meets maritime

Source2Sea was publicly launched at the end of 2021, driven by a team of people with digital and maritime experience, to make sure we get the best of both worlds. The launch was accompanied by several marketing initiatives that all received good traction, which together with the relationships already established in the industry, will form the base for both the short and longer-term growth.

The first customers are lined and running trials on the platform. We will continue to develop the marketplace along with the expansion of the customer base – including priority of categories, geography, and other value-added services.

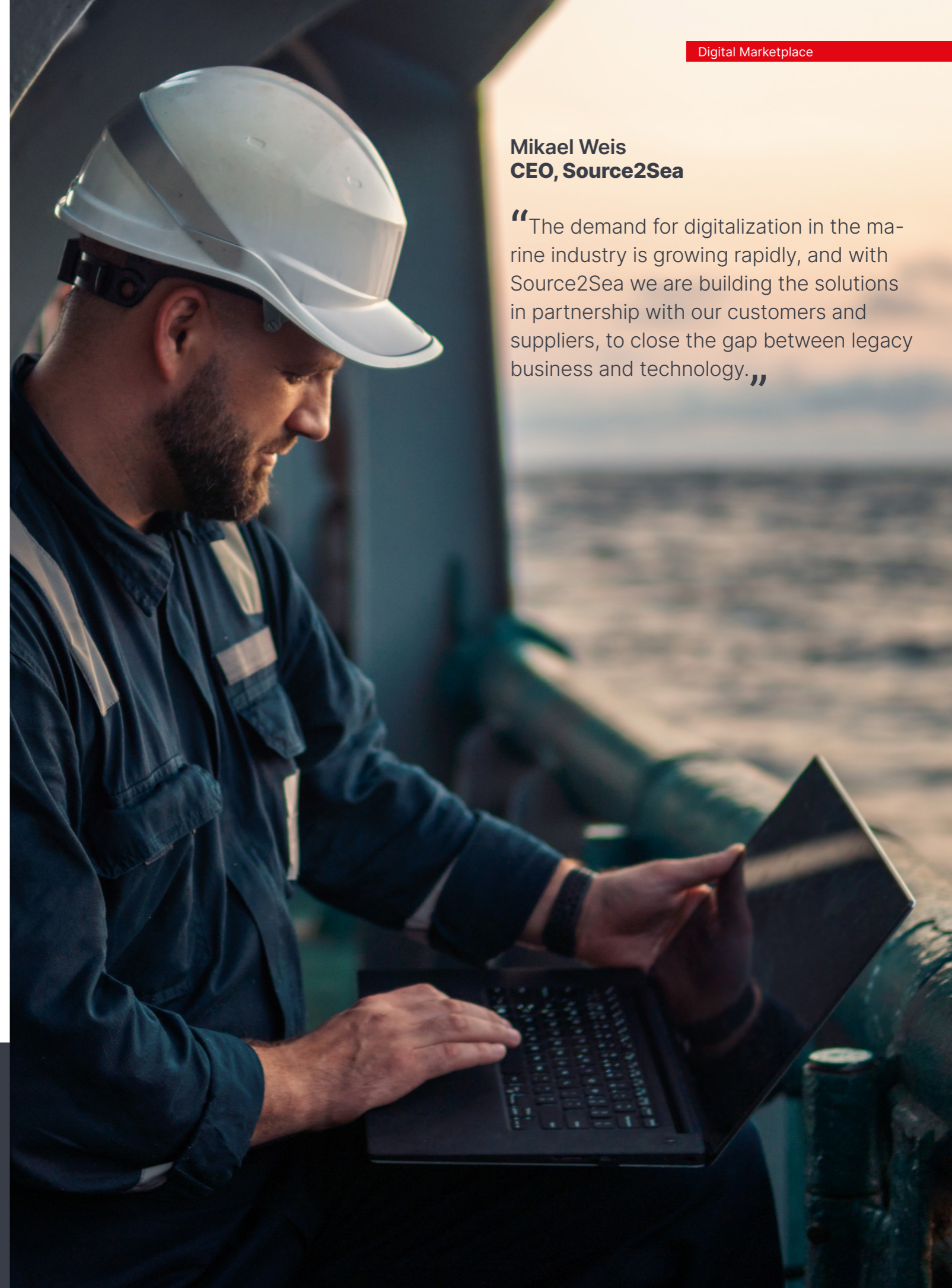
About Source2Sea

Source2Sea – built on the principle of 'What you click is what you get' – is the go-to, online, sourcing marketplace in the global ship supply industry. We are an open, customized multi-supplier marketplace facilitating ship marine procurement and supply between maritime buyers and suppliers, through online customized product catalogues. Source2Sea streamlines the way shipping companies get their ship suppliers spanning contracting, procurement, payment, delivery, and data.

Source2Sea aims to empower crews and purchasers as well as incentivize suppliers, all while reducing costs and increasing convenience, transparency, and automation throughout the ecosystem.

Mikael Weis
CEO, Source2Sea

“The demand for digitalization in the marine industry is growing rapidly, and with Source2Sea we are building the solutions in partnership with our customers and suppliers, to close the gap between legacy business and technology.”



Environmental, social & governance

We and our shareholders are committed to carrying out business in a fair, honest, and ethical way across all business activities and global locations in the Wrist Group.

Our ESG activities help us to be recognized as a responsible market leader, business partner, local citizen, and workplace for both existing and future employees.

Environmental

At Wrist, we continuously work on reducing our own climate impact, while at the same time meeting our customers' demand for responsible solutions and services that increased significantly in 2021.

We have committed ourselves to reduce energy and waste in our own operations and also expect our suppliers and business partners to take this approach. With our global footprint, we endeavour to:

- Reduce the climate impact of our own operations, energy consumption for offices and warehouse facilities as well as fuel for vehicles, focusing on the reduction of greenhouse gases
- Prioritize circularity of resources within packaging, wrapping, and waste separation
- Launch and extend the range of new sustainable products and solutions.

In carrying out our business activities, we are of course complying with all relevant regulatory requirements, including environment and climate protection. We are currently working on the development of an ESG-strategy to be launched in 2022.

As a global company and market leader, we have the obligation – and ambition – to contribute to the transition towards net zero as fast as possible. We are also dedicated to being a socially responsible employer and global citizen. Through our solutions and products, we want to contribute to an environmentally sound responsible ship and offshore supply industry, including the reduction of food waste.

Food waste is a huge global concern, impacting climate, social, and economic issues. At Wrist, we are committed to ensuring a sustainable business practice, which includes distribution of the food surplus from our warehouses. Our branches in Aalborg, Long Beach, Las

Palmas, Vancouver, and Peterhead donate excess food provisions to food banks, people experiencing food insecurities, and individuals in the local communities.

Time to be aware

With the launch of our first environmentally friendly product line, Aware, in 2021, responsible alternatives to the conventional products used in the maritime industry are now available.

Aware is:

- Eco-friendly solutions and services
- Quality products in cooperation with recognized trademarks
- A product line that meets the increasing need for reducing our carbon footprint and other environmental hazards in the maritime industry.

With thousands of different products and solutions delivered to seafarers around the world, we are aware of our contribution to the climate footprint. That is why we have introduced a new range of products reducing the climate footprint, including the Aware water in cartons instead of plastic bottles. Our Aware products will not save the seas overnight, but represent a responsible choice to conserve and use the oceans while caring for seafarers in a future perspective – starting from now.

- Wrist takes a strong approach to environmental and climate challenges for improved environmental performance and resource utilization.
- We strive to reduce the environmental and climate impact of our own business operations.



aware

Social

We do our best to provide expert care for our colleagues and customers – ultimately the seafarers. Life at sea may be tough for the approximately 1.5 million seafarers worldwide due to demanding working conditions and long stays at sea. This means absence from family and friends, and in case of incidents, help is not always close at hand. COVID-19 has made this situation even more challenging. Making life at sea better for the seafarers is for the benefit of the entire society, as we need them to transport all the products and commodities needed in our daily lives.

Wrist supports charity organizations that help seafarers, including the International Seafarers' Welfare and Assistance Network (ISWAN). Each year, we mark the "Day of the Seafarer" on 25 June – a campaign run by the International Maritime Organization (IMO).

Inside Wrist Group, expert care also means that we:

- Conduct and encourage gender equality and diversity
- Support and enforce the health and safety of all colleagues to prevent health damage and avoid accidents and near miss accidents
- Encourage training and education of colleagues to leverage our digital skills and performance.

Management

We are committed to achieving a sound and balanced composition of genders across the company, and 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 colleagues 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 69% and 31%, respectively, at the end of 2021. This is below the aim for 2021, yet an increase of 2% compared to

the previous year. We have the same male-female ratio for managers as we have for the entire employee population, which is typical for our industry. Wrist will continue to work towards a higher level of managerial diversity, and the 2022 target is a proportion of 67% and 33%, respectively.

In support of our 2022 target, we will continue our 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. This includes specifically defining managerial development opportunities during the annual performance reviews.

At Wrist, we have a long tradition of graduate and trainee programs, and we endeavour to have diversity at an entry-level here as well.

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 their 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

At the beginning of 2022, Thomas Palm Westermann was added to the Board of Directors in replacement of Håkon Petter Samlin. Mr Westermann has high-

ly specific international knowledge and experience among others within M&A.

In 2021, the gender composition at the Board of Directors level remained unchanged from previous years (0% female/100% male) and thus, the target for 2021 has not been achieved. The target is to achieve at least an 80/20 distribution between men and women before the end of 2022. The target is related to the owner's representatives and does not include employee representatives (if any).



Health & Safety

As also reflected in our Business Principles, we endeavour to ensure hazard-free workplaces for our colleagues, contractors, and others working in various locations by applying high standards of occupational health and safety. We strive to ensure the safety of products and services through efficient control systems.

Our Health and Safety policy is implemented by creating awareness around our safety instructions and providing training for our colleagues in safety. Protecting the health and safety of our colleagues is of highest priority, and by taking these measures, we manage to mitigate the risk.

Incidents

During 2021, the number of incidents shown below were reported:

Incidents of discrimination and corrective action	4
Incidents of work-related near-misses (near-misses are incidents that do not result in injury or ill health)	27
Incidents of recordable work-related injuries or work-related ill health (i.e., accidents)	32
Incidents of high-consequence work related-injuries or work-related ill health (i.e., accidents)	2
Incidents of work-related fatalities	0

The total number of incidents in 2021 amounts to 65, including near-misses. All incidents have been registered and actions have been taken to reduce the risk of repeating the incident.

Safety training

We prioritize the safety education and training of our colleagues. The type of training is dependent on the job content. The focus and priority are adapted across all our branches, so that we ensure that all colleagues get safely through the working day. All colleagues in our warehouses are required to complete training before operating machinery or being involved in the handling of hazardous materials.

As a principle, the day starts with a safety meeting in our warehouses with selected teams to raise and maintain safety as a part of the daily routines. Furthermore, we have regularly scheduled meetings where health and safety are discussed. In case of accidents, this is reported, and an evaluation is done to identify key training areas to improve the health and safety across the organization.

COVID-19

In terms of the COVID-19 pandemic, our Crisis Response Team continued our cautious approach in 2021. The Crisis Response Team enforced guidelines to work from home where possible, ensured distances, sanitizers, and face masks whenever we went to the workplace. We continuously informed colleagues about measures to minimize the risk of infection, while encouraging all colleagues to follow recommendations from local health authorities, including the COVID-19 vaccine program.

Anti-harassment

We have 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 reports are handled.

- Wrist has zero tolerance towards discrimination, of any type. We actively promote diversity by working towards fair representation of the underrepresented gender.
- We strive to ensure hazard-free workplaces for our colleagues by applying high standards of occupational health and safety.
- We encourage educational achievements, especially the leverage of digital skills to prevent the digital skills gap.



Governance

To promote the long-term interests of Wrist and our stakeholders, we maintain the highest legal and ethical standards in all business practices.

Wrist’s ethical standards are rooted in the Group’s culture, and every day we strive to fulfil the objectives to:

- Continuously run our business according to the Wrist Business Principles outlining our ethical standards
- Prioritize supply chain cooperation to ensure our suppliers adhere to the Supplier Code of Conduct
- Provide easy access to Wrist policies to ensure colleagues adhere to our global policies.

Business Principles

At Wrist, we have a set of Business Principles providing guidelines to increase transparency and describe the way we act while pursuing our business objectives. Our Business Principles are available here: https://www.wrist.com/download/sustainability/business_principles.pdf

The Business Principles are incorporated in Wrist’s general business practices when living out our mission of ‘Expert care – making our customers’ life at sea better and Wrist a great place to work’, 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.

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

During 2021, no incidents have been reported in any of the above areas.

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

International trade sanctions

It is the policy of Wrist that all employees, officers, and companies must comply with applicable Export and Import Controls and Economic Sanctions of the US, the EU, and the UN, as well as with the regulations of respective countries in which Wrist operates. Colleagues are receiving training in international trade sanctions.

Anti-bribery rules and principles

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 at sea. Such risk factors, among others, have led us to pay special attention to the anti-bribery program. Colleagues are receiving training in anti-bribery rules and principles.

Anti-trust rules/competition law

Wrist believes in vigorous, yet fair competition. Colleagues must never be engaged in any anti-competition actions, and each employee must comply with this principle. Colleagues are receiving anti-trust/competition law training.

General Data Protection (EU)

Directions on the EU General Data Protection Regulation in relation to business activities in Wrist are included in our online compliance training. Colleagues are receiving training in data protection rules.

Whistleblowing

A Group whistleblowing system specifically tailored to the requirements of Wrist enables colleagues, management, and Board of Directors to report suspected breaches of its Business Principles, fraud, bribery, or other breaches of law anonymously with no risk of retaliation. The Whistleblowing Policy ensures that colleagues know how to react and how to report in the case of suspicion of a breach.

Data ethics

A Group policy for Data Ethics is aimed at colleagues as well as current and potential business partners. The policy for Data Ethics covers use of all data types and is thus not limited to the use and protection of personal data. The policy complements the principles of transparency and data minimization of the Data Protection Regulation, as well as rules on integrity and confidentiality. The policy also supplements policies on the handling of personal data, use of cookies, etc.

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.

Colleagues must act accordingly, and Wrist’s Business Principles constitute an essential reference in dealings with external stakeholders.

At Wrist, we strive to ensure that our suppliers comply with our ethics and standards as expressed in our Business Principles. We operate in many regulatory environments and expect our suppliers to act ethically and comply with applicable rules in all countries where business is conducted.

- We maintain high standards of business ethics, including being fully compliant with relevant local and international legislation.
- We promote openness and transparency, and our partners and stakeholders are expected to comply with the same high legal and ethical standards and business practices as Wrist.

With a significant number of global suppliers from many different countries, there is a risk that Wrist cannot ensure completeness regarding the awareness and understanding of our Business Principles, but the efforts and initiatives will continue to be a natural part of the development of our supply chain

ESG development

During 2021, the development and formulation of a new ESG strategy was initiated. Just as our Business Principles reflect the UN Global Compact, our ESG strategy is being developed in alignment with relevant UN sustainable development goals:

<p>Environmental</p> <p>GHG emissions reduction Circularity of resources Sustainable products and solutions</p>	<p>#13 Climate action #14 Life below water</p>
<p>Social</p> <p>Gender diversity gap Health and safety Digital training and education</p>	<p>#5 Gender equality #8 Decent work and economic growth</p>
<p>Governance</p> <p>Supply chain co-operation Wrist Business Principles & ESG-policies</p>	<p>#12 Responsible consumption and production #16 Peace, justice and strong institutions</p>

We expect the new ESG-strategy to be launched in the 2nd half of 2022.

Our financial performance

DKK'000 and ratios	2021	2020	2019	2018	2017
Net sales	4,457,695	4,369,787	4,657,974	4,276,499	4,101,471
Gross profit	1,165,636	1,182,059	1,230,709	1,092,307	1,000,203
Operating profit (EBITA)	155,512	142,190	162,401	179,482	176,196
Earnings before interest and tax (EBIT)	122,813	98,893	122,493	149,957	154,568
Profit of financial items	-48,785	-78,046	-76,112	52,887	-42,866
Net profit	57,918	16,913	38,787	68,868	86,329
Inventories	304,053	237,721	254,471	241,400	233,962
Trade receivables	812,568	659,736	799,041	787,370	651,762
Total assets	2,776,182	2,583,048	2,768,880	2,356,589	1,953,818
Equity	931,790	827,322	863,048	812,809	534,100
Invested capital including goodwill	1,581,828	1,451,286	1,627,946	1,278,558	1,183,856
Net interest-bearing debt (NIBD)	698,068	666,276	814,112	409,273	587,910
Cash flow from operating activities (CFFO)	79,467	248,158	148,144	229,972	42,413
Cash flow from investing activities (CFFI)	-74,035	-36,868	-59,136	-225,276	-41,331
Net investments excl business acquisition (CAPEX)	-75,996	-37,690	-23,151	-28,879	-41,331
Acquisition of property, plant and equipment	-9,413	-10,304	-19,674	-12,500	-24,538
Number of employees, average	1,397	1,467	1,472	1,361	1,279
Performance ratios (%)					
Gross margin	26.1	27.1	26.4	25.5	24.4
Operating margin (EBITA)	3.5	3.3	3.5	4.2	4.3
Return on invested capital	10.3	9.2	11.2	14.6	14.9
Return on equity	6.6	2.0	4.6	10.2	16.9





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