



Clipper Bulk A/S

Sundkrogsgade 19
2100 København Ø
CVR No. 21289086

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.06.2021

Thomas Martinussen

Chairman of the General Meeting

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Entity details

Entity

Clipper Bulk A/S
Sundkrogsgade 19
2100 København Ø

CVR No.: 21289086
Registered office: København
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Frank Gülnar Jensen, Chairman
Thomas Martinussen
Amrit Peter Kalsi

Executive Board

Amrit Peter Kalsi, CEO
Henrik Kvist-Jacobsen, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Clipper Bulk A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 30.06.2021

Executive Board

Amrit Peter Kalsi
CEO

Henrik Kvist-Jacobsen
CFO

Board of Directors

Frank Gülnar Jensen
Chairman

Thomas Martinussen

Amrit Peter Kalsi

Independent auditor's report

To the shareholder of Clipper Bulk A/S

Opinion

We have audited the financial statements of Clipper Bulk A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 30.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant
Identification No (MNE) mne10944

Bjarne Iver Jørgensen

State Authorised Public Accountant
Identification No (MNE) mne35659

Management commentary

Financial highlights

	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000	2016 USD'000
Key figures					
Revenue	23,832	34,225	34,016	12,686	13,513
Gross profit/loss	12,068	17,082	14,530	(1,075)	5,213
Operating profit/loss	(515)	1,154	660	(1,138)	1,905
Net financials	(65)	(160)	83	6	(36)
Profit/loss for the year	490	1,369	22,956	(20,003)	4,169
Total assets	32,507	31,797	45,252	35,959	31,400
Investments in property, plant and equipment	51	1,764	3,402	0	0
Equity	25,196	24,526	23,144	266	20,263
Cash flows from (used in) operating activities	(1,066)	1,378			
Cash flows from (used in) investing activities	1,468	(1,764)			
Ratios					
Profit margin (%)	(2.16)	3.37	1.94	(8.97)	14.10
Return on assets	(1.58)	3.63	1.46	(3.16)	6.07
Return on equity (%)	1.97	5.74	196.12	(194.88)	21.56
Equity ratio (%)	77.51	77.13	51.14	0.74	64.53

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Optional ratio 1 (%):

Profit margin (%):

$\frac{\text{Operating profit (loss)} * 100}{\text{Revenue}}$

Optional ratio 2 (%):

Return on assets (%):

$\frac{\text{Operating profit (loss)} * 100}{\text{Total assets}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Equity}}$

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's primary activities involve commercial management of vessels globally as well as owning the subsidiaries Clipper Bulk Maritimos Transportes Ltd., and Clipper Fleet Management India Pvt. Ltd.

Furthermore, the Company owns 49 % in SARL Clipper Agency Algeria , and 37,50 % in Steel Connect Cooperatief U.A., which has part ownership in a steel terminal in Altamira, Mexico.

Development in activities and finances

As a reaction to the negative trend in the global bulk market, an organizational downsizing took place in 2020 covering a reduction of number of employees and a reduction of the lease for the headquarter in Copenhagen, Denmark.

The profit for the year is USD 490k and the Company has an equity of USD 25,196k at December 31, 2020. The result of the year is considered satisfactory.

Uncertainty relating to recognition and measurement

No specific uncertainties relating to recognition and measurement has been identified.

Outlook

Overall, for 2021 Clipper Bulk A/S expects an operating result in line with 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 USD'000	2019 USD '000
Revenue		23,832	34,225
Other external expenses		(11,764)	(17,143)
Gross profit/loss		12,068	17,082
Staff costs	2	(11,474)	(15,128)
Depreciation, amortisation and impairment losses	3	(1,109)	(800)
Operating profit/loss		(515)	1,154
Income from investments in group enterprises		(15)	786
Income from investments in associates		1,519	0
Other financial income		161	415
Other financial expenses		(226)	(575)
Profit/loss before tax		924	1,780
Tax on profit/loss for the year		(434)	(411)
Profit/loss for the year	4	490	1,369

Balance sheet at 31.12.2020

Assets

	Notes	2020 USD'000	2019 USD'000
Other fixtures and fittings, tools and equipment		1,999	2,818
Leasehold improvements		519	759
Property, plant and equipment	5	2,518	3,577
Investments in group enterprises		319	334
Investments in associates		5,569	5,569
Financial assets	6	5,888	5,903
Fixed assets		8,406	9,480
Receivables from group enterprises		21,990	20,984
Other receivables		1,493	1,117
Receivables		23,483	22,101
Cash		618	216
Current assets		24,101	22,317
Assets		32,507	31,797

Equity and liabilities

	Notes	2020 USD'000	2019 USD'000
Contributed capital		35,385	35,385
Retained earnings		(10,189)	(10,859)
Equity		25,196	24,526
Provisions for investments in group enterprises	7	6	6
Provisions		6	6
Other payables		0	291
Non-current liabilities other than provisions		0	291
Payables to group enterprises		3,265	4,042
Other payables		4,040	2,932
Current liabilities other than provisions		7,305	6,974
Liabilities other than provisions		7,305	7,265
Equity and liabilities		32,507	31,797
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Transactions with related parties	11		
Group relations	12		

Statement of changes in equity for 2020

	Contributed capital USD'000	Retained earnings USD'000	Total USD'000
Equity beginning of year	35,385	(10,859)	24,526
Exchange rate adjustments	0	180	180
Profit/loss for the year	0	490	490
Equity end of year	35,385	(10,189)	25,196

Cash flow statement for 2020

	Notes	2020 USD'000	2019 USD'000
Operating profit/loss		(515)	1,154
Amortisation, depreciation and impairment losses		1,109	800
Working capital changes	8	(1,161)	(144)
Cash flow from ordinary operating activities		(567)	1,810
Financial income received		161	415
Financial expenses paid		(226)	(436)
Taxes refunded/(paid)		(434)	(411)
Cash flows from operating activities		(1,066)	1,378
Acquisition etc of property, plant and equipment		(51)	(1,764)
Dividends received from associates		1,519	
Cash flows from investing activities		1,468	(1,764)
Free cash flows generated from operations and investments before financing		402	(386)
Increase/decrease in cash and cash equivalents		402	(386)
Cash and cash equivalents beginning of year		216	604
Currency translation adjustments of cash and cash equivalents			(2)
Cash and cash equivalents end of year		618	216
Cash and cash equivalents at year-end are composed of:			
Cash		618	216
Cash and cash equivalents end of year		618	216

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2020	2019
	USD'000	USD'000
Wages and salaries	10,179	13,621
Pension costs	714	878
Other social security costs	79	107
Other staff costs	502	522
	11,474	15,128
Average number of full-time employees	121	123

3 Depreciation, amortisation and impairment losses

	2020	2019
	USD'000	USD'000
Depreciation of property, plant and equipment	707	800
Profit/loss from sale of intangible assets and property, plant and equipment	402	0
	1,109	800

4 Proposed distribution of profit and loss

	2020	2019
	USD'000	USD'000
Retained earnings	490	1,369
	490	1,369

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment USD'000	Leasehold improvements USD'000
Cost beginning of year	3,783	1,095
Disposals on divestments etc	0	(131)
Additions	51	0
Disposals	(546)	0
Cost end of year	3,288	964
Depreciation and impairment losses beginning of year	(965)	(336)
Disposals on divestments etc	0	60
Depreciation for the year	(539)	(169)
Reversal regarding disposals	215	0
Depreciation and impairment losses end of year	(1,289)	(445)
Carrying amount end of year	1,999	519

6 Financial assets

	Investments in group enterprises USD'000	Investments in associates USD'000
Cost beginning of year	729	5,569
Cost end of year	729	5,569
Impairment losses beginning of year	(395)	0
Share of profit/loss for the year	(15)	0
Impairment losses end of year	(410)	0
Carrying amount end of year	319	5,569

Investments in subsidiaries	Registered in	Corporate form	Equity interest %
Clipper Fleet Management India Pvt. Ltd.	India	Ltd.	90
Clipper Bulk Transportes Maritimos Ltda	Brazil	Ltda	99

Investments in associates	Registered in	Corporate form	Equity interest %
Steel Connect Coöperatief U.A.	The Netherlands	U.A	37,50
Clipper Agencies Algeria S.a.r.l.	Algeria	S.a.r.l	49

7 Provisions for investments in group enterprises

Provision for investments in group enterprises comprises entities with negative equity.

8 Changes in working capital

	2020	2019
	USD'000	USD'000
Increase/decrease in receivables	(1,201)	14,693
Increase/decrease in trade payables etc	40	(14,837)
	(1,161)	(144)

9 Unrecognised rental and lease commitments

	2020	2019
	USD'000	USD'000
Liabilities under rental or lease agreements until maturity in total	6,471	3,698

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Clipper Group Ltd. serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

12 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Clipper Group Ltd.

29 Charlotte Island

Old Fort Bay

P.O. Box CB-13048

Nassau, The Bahamas

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Clipper Bulk Shipping Ltd.

29 Charlotte Island

Old Fort Bay

P.O. Box CB-13048

Nassau, The Bahamas

None of the consolidated financial statements are publicly available.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

As the Company's functional currency is in USD, the annual report has been prepared in USD as the reporting currency. The exchange rate for DKK against USD is 6,06 at December 31, 2020 (2019: 6,67).

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries, the income statements are translated at average exchange rates for the year. Balance sheet items are translated using the exchange rates at the balance sheet date. The difference in exchange are recognised in the income statement as financial income or financial expenses.

Consolidated financial statements

The Parent Company generally accounts for 99% to 100% of the Group. Therefore, income statement, balance sheet and note disclosures are generally identical for the Parent Company and the Group or with only immaterial deviations between the Parent Company's and the Group's disclosures. As a consequence of this, Management has decided not to prepare consolidated financial statements.

Recognition and measurement

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

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

Revenue comprise commercial management fee. Income from management and administration services is recognized concurrently with delivery of services.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, IT costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

Other financial income

Other financial income include interest and foreign exchange rate translation gains.

Other financial expenses

Other financial expenses include interest and foreign exchange rate translation losses.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity partilipates in a joint taxation. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of

the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-10 years

For leasehold improvements, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at USD 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions relate to negative value in subsidiaries as described under "Investments in group enterprises".

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt and payment of dividend.

Cash and cash equivalents comprise cash and bank deposits.