

T.K.B. Shipping A/S

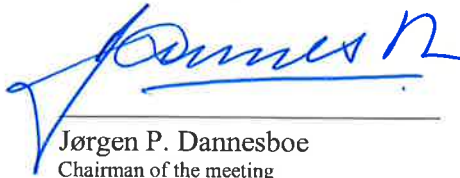
Strandvejen 102B, 2900 Hellerup

Company reg. no. 21 42 66 95

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 31 May 2023.



Jørgen P. Dannesboe
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of T.K.B. Shipping A/S for the financial year 1 January - 31 December 2022.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2022 and of the company's results of activities and cash flows in the financial year 1 January – 31 December 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Gentofte, 31 May 2023

Managing Director



Jacob Palle Madsen

Board of directors



Jørgen P. Dannesboe



Robert R.A. Sjøqvist



Jacob Palle Madsen

Independent auditor's report

To the Shareholders of T.K.B. Shipping A/S

Opinion

We have audited the financial statements of T.K.B. Shipping A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 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 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.

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 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.

Independent auditor's report

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.

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, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 31 May 2023

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36



Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913



Martin Bomholtz
State Authorised Public Accountant
mne34117

Company information

The company

T.K.B. Shipping A/S
Strandvejen 102B
2900 Hellerup

Company reg. no. 21 42 66 95
Established: 13 October 1998
Domicile: Gentofte
Financial year: 1 January - 31 December

Board of directors

Jørgen P. Dannesboe
Robert R.A. Sjøqvist
Jacob Palle Madsen

Managing Director

Jacob Palle Madsen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Thopas Holding A/S

Financial highlights

| USD in thousands, | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------|---------|--------|---------|--------|
| Income statement: | | | | | |
| Revenue | 144.574 | 192.355 | 95.041 | 110.951 | 90.805 |
| Gross profit | 16.955 | 29.788 | 3.036 | 2.862 | 7.268 |
| Profit from operating activities | 14.964 | 27.553 | 1.482 | 1.529 | 5.356 |
| Net financials | -110 | -68 | -3 | -151 | -17 |
| Net profit or loss for the year | 13.284 | 25.663 | 1.160 | 1.069 | 5.091 |
| Statement of financial position: | | | | | |
| Balance sheet total | 27.354 | 39.911 | 12.969 | 16.235 | 17.131 |
| Investments in property, plant and equipment | 157 | 0 | 0 | 73 | 0 |
| Equity | 19.419 | 29.136 | 4.473 | 4.313 | 8.844 |
| Cash flows: | | | | | |
| Operating activities | 13.213 | 25.180 | 149 | 4.259 | 2.524 |
| Investing activities | -157 | 0 | 0 | -73 | 0 |
| Financing activities | -23.000 | -3.900 | -2.094 | -1.606 | -1.500 |
| Total cash flows | -9.944 | 21.280 | -1.945 | 2.580 | 1.024 |
| Employees: | | | | | |
| Average number of full-time employees | 10 | 10 | 10 | 10 | 12 |
| Key figures in %: | | | | | |
| Gross margin ratio | 11,7 | 15,5 | 3,2 | 2,6 | 8,0 |
| Profit margin (EBIT-margin) | 10,4 | 14,3 | 1,6 | 1,4 | 5,9 |
| Liquidity ratio | 342,9 | 370,2 | 231,0 | 204,0 | 206,7 |
| Solvency ratio | 71,0 | 73,0 | 34,5 | 26,6 | 51,6 |
| Return on equity | 54,7 | 152,7 | 26,4 | 16,2 | 72,2 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$$

Financial highlights

Liquidity ratio

$$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

Like previous years, the principal activities are shipping activities.

Development in activities and financial matters

The gross profit for the year totals t.USD 16.955 against t.USD 29.788 last year. Income or loss from ordinary activities after tax totals t.USD 13.284 against t.USD 25.663 last year. The freight rates have during 2022 fallen back to a more normal level. Management expected a positive result before taxes for 2022 between 8 and 13 million USD, the company have achieved a net profit before taxes for 2022 of 14,9 million USD. The Management considers the net profit for the year satisfactory.

Financial risks and the use of financial instruments

Operating risks

The Management of T.K.B. Shipping A/S perform risk assessments on a continuous basis due to the nature of the Business. Management together with the Board have defined procedures to manage and monitor the identified risks which specifically are Time Charter commitments, Contracts of Affreightments and Bunkers. The procedures may contain activities to avoid, to reduce or to shift these risks. It is the objective of the Management to mitigate market risk and to minimize counterparty risks and Bunker exposure.

Interest rate risks

The Company has no interest-bearing debt and is therefore not directly subject to interest rate risks.

Market risks

T.K.B. Shipping A/S is operating in a shipping market that is characterized by high volatility. The cyclical and volatile nature of dry bulk transportation, including fluctuations in charter hire and freight rates, that potentially can cause a negative effect on the company's revenues and earnings. The company mitigate market risks by reducing the volume of vessels with long-term contracts in a market with falling freight rates.

Credit risks

The company's credit risk policy is mitigated by a careful selection of time charter contracts, when the market expects low contribution margins, the assessment of solvency of the counterparty is of decisive importance. The credit risk policy is to keep out of business with counterparties without having thoroughly examined their creditworthiness and payment history in the market and through credit rating agencies.

Know how resources

It is important for T.K.B. Shipping A/S' continued growth to attract highly competent employees with high skills within the field of shipping and to retain the staff in the operation of the company.

Management's review

Expected developments

For 2023, the result will be depending on market levels, which we currently believe will settle on a level as before the pandemic, and uncertainty of the continuing developments in Eastern Europe. Based on the current assessment of the market, a loss between three and five million USD before tax is expected.

Events occurring after the end of the financial year

No events have occurred after the balance sheet date that affect the assessment of the annual report.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

The management has not prepared written policies in relation to corporate social responsibility. The relevant policies are expected to be prepared during 2023. The description below represents the principle of the managements operating policies in relation to corporate social responsibilities.

It is an integrated part of the the company's business strategy to demonstrate corporate social responsibility. The company wants to act responsible in relation to customers, employees, business partners and the surroundings.

Environmental issues – including climate change

T.K.B. Shipping A/S acknowledge the shipping business in general has an obligation to limit its negative environmental impact. The company has as their objective to reduce pollution by maximizing efficiency considering various measures to reduce the overall fuel consumption as well as using more environmentally fuel. It supports the IMO and EU initiatives to further reduce pollution.

Social issues and employee issues.

T.K.B. Shipping A/S believes that diversity among employees, including equal distribution of the sexes, contributes positively to the working environment and strengthens the company's performance and competitiveness. The representation of either women or other diverse backgrounds in the staff at the end of the financial year are 50% and it is the company's policy to maintain this level going forward.

The company respects the employees freedom to be members of unions and values the employees' health and security on the workplace highly. It remains committed to fostering a working environment, where health and safety are top priorities. Creating such a workplace necessitates a level of responsibility among employees to safeguard their own and their colleagues' safety.

Management's review

Human rights

As an integrated part of the global supply chain, T.K.B. Shipping A/S plays a role in upholding human rights and taking proactive measures to prevent and mitigate violations. T.K.B. Shipping A/S is committed to respecting all internationally recognized human rights in our dealings with employees and workers in our supply chain. We strive to follow the best practice recommendations from United Nations Guiding Principles on Business and Human Rights, Danish Shipping and the Danish Institute for Human Rights. T.K.B. Shipping A/S acknowledges that continued improvements in our operations are needed to secure sustained and measurable outcomes. Physical distances create the risk of incidents going unreported and unfair treatment going unnoticed.

Fighting corruption and bribery

T.K.B. Shipping A/S has a range of different governance policies in relation to corruption and bribery. The Anti-corruption policy ensures compliance with key anti-corruption legislation. The policy applies to all employees, Management and the Board of Directors. All employees are aware that that no offering or acceptance of gifts or business entertainment which can be compared with bribery shall occur.

Report on gender composition in management according to section 99 b of the Danish Financial Statements Act

Target figures for the company's management

T.K.B. Shipping A/S believes that diversity among employees, including equal distribution of the sexes, contributes positively to the working environment and strengthens the company's performance and competitiveness.

The company is working to increase the number of underrepresented gender in management in the company and has based on this from this year as the year one, set specific targets for the proportion of the underrepresented gender and policies to ensure this. The company has set a target for 20% of the company's management to be of the underrepresented gender within a time range of four years.

The representation of either women or other diverse backgrounds in the staff at the end of the financial year is 50% and it is the company's policy to maintain this level going forward.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

The company does not have a policy on data ethics as the company does not use personal data for commercial purposes etc. and it is not a part of the company's business strategy.

Income statement 1 January - 31 December

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| Note | 2022 | 2021 |
|---|-------------------|---------------|
| 1 Revenue | 144.573.689 | 192.355 |
| Other operating income | 353.500 | 365 |
| Cost of raw materials and consumables | -127.357.354 | -162.376 |
| Other external costs | -614.664 | -556 |
| Gross profit | 16.955.171 | 29.788 |
| 3 Staff costs | -1.960.425 | -2.214 |
| Depreciation and impairment of non-current assets | -30.256 | -21 |
| Operating profit | 14.964.490 | 27.553 |
| Other financial income | 131.989 | 0 |
| 4 Other financial costs | -241.886 | -68 |
| Pre-tax net profit or loss | 14.854.593 | 27.485 |
| Tax on net profit or loss for the year | -1.570.605 | -1.822 |
| 5 Net profit or loss for the year | 13.283.988 | 25.663 |

Balance sheet at 31 December

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| Assets | | | |
|---------------------------|--|-------------------|---------------|
| <u>Note</u> | | <u>2022</u> | <u>2021</u> |
| Non-current assets | | | |
| 6 | Other fixtures and fittings, tools and equipment | 146.244 | 19 |
| | Total property, plant, and equipment | 146.244 | 19 |
| | Total non-current assets | 146.244 | 19 |
| Current assets | | | |
| 7 | Raw materials and consumables | 6.431.824 | 2.976 |
| | Total inventories | 6.431.824 | 2.976 |
| | Trade receivables | 2.114.504 | 3.373 |
| 8 | Voyages in progress | 1.438.847 | 6.105 |
| | Other receivables | 58.599 | 64 |
| 9 | Prepayments and accrued income | 36.415 | 60 |
| | Total receivables | 3.648.365 | 9.602 |
| | Cash on hand and demand deposits | 17.127.391 | 27.314 |
| | Total current assets | 27.207.580 | 39.892 |
| | Total assets | 27.353.824 | 39.911 |

Balance sheet at 31 December

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| Equity and liabilities | | | |
|---|---|-------------------|---------------|
| <u>Note</u> | | <u>2022</u> | <u>2021</u> |
| Equity | | | |
| 10 | Contributed capital | 142.741 | 143 |
| | Retained earnings | 19.276.480 | 5.993 |
| | Proposed dividend for the financial year | 0 | 23.000 |
| | Total equity | 19.419.221 | 29.136 |
| Short term liabilities other than provisions | | | |
| 8 | Voyages in progress | 2.962.124 | 5.158 |
| | Trade creditors | 4.312.396 | 4.836 |
| | Income tax payable | 68.935 | 118 |
| | Other payables | 591.148 | 663 |
| | Total short term liabilities other than provisions | 7.934.603 | 10.775 |
| | Total liabilities other than provisions | 7.934.603 | 10.775 |
| | Total equity and liabilities | 27.353.824 | 39.911 |

2 Fees for auditor**11 Disclosures on fair value****12 Contingencies****13 Related parties**

Statement of changes in equity

USD thousand.

| | Contributed capital | Retained earnings | Proposed dividend for the financial year | Total |
|---|---------------------|-------------------|---|---------------|
| Equity 1 January 2021 | 143 | 3.330 | 1.000 | 4.473 |
| Distributed dividend | 0 | 0 | -1.000 | -1.000 |
| Profit or loss for the year brought forward | 0 | 2.663 | 23.000 | 25.663 |
| Equity 1 January 2022 | 143 | 5.993 | 23.000 | 29.136 |
| Distributed dividend | 0 | 0 | -23.000 | -23.000 |
| Profit or loss for the year brought forward | 0 | 13.283 | 0 | 13.283 |
| | 143 | 19.276 | 0 | 19.419 |

Statement of cash flows 1 January - 31 December

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| <u>Note</u> | <u>2022</u> | <u>2021</u> |
|--|--------------------|---------------|
| Net profit or loss for the year | 13.283.988 | 25.663 |
| 14 Adjustments | 1.711.604 | 1.911 |
| 15 Change in working capital | -295.197 | -586 |
| Cash flows from operating activities before net financials | 14.700.395 | 26.988 |
| Interest received, etc. | 131.988 | -2 |
| Interest paid, etc. | 0 | -20 |
| Cash flows from ordinary activities | 14.832.383 | 26.966 |
| Income tax paid | -1.618.912 | -1.786 |
| Cash flows from operating activities | 13.213.471 | 25.180 |
| Purchase of property, plant, and equipment | -157.087 | 0 |
| Cash flows from investment activities | -157.087 | 0 |
| Repayments of long-term payables | 0 | -2.900 |
| Dividend paid | -23.000.000 | -1.000 |
| Cash flows from investment activities | -23.000.000 | -3.900 |
| Change in cash and cash equivalents | -9.943.616 | 21.280 |
| Cash and cash equivalents at 1 January 2022 | 27.312.893 | 6.082 |
| Foreign currency translation adjustments (cash and cash equivalents) | -241.886 | -48 |
| Cash and cash equivalents at 31 December 2022 | 17.127.391 | 27.314 |
| Cash and cash equivalents | | |
| Cash on hand and demand deposits | 17.127.391 | 27.314 |
| Cash and cash equivalents at 31 December 2022 | 17.127.391 | 27.314 |

Notes

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| | 2022 | 2021 |
|-------------------|--------------------|----------------|
| 1. Revenue | | |
| Freight | 99.317.945 | 131.431 |
| Timecharter hire | 45.255.744 | 60.924 |
| | 144.573.689 | 192.355 |

Information is not provided by geographical segment as the global market is one unit, and the activities of the individual vessels are not limited to specific parts of the world.

| | | |
|---|---------------|-----------|
| 2. Fees for auditor | | |
| Total fee for Grant Thornton, State Authorised Public Accountants | 48.469 | 43 |
| Fee concerning compulsory audit | 21.320 | 22 |
| Tax consultancy | 8.386 | 7 |
| Other services | 18.762 | 14 |
| | 48.468 | 43 |

| | | |
|---------------------------------|------------------|--------------|
| 3. Staff costs | | |
| Salaries and wages | 1.822.550 | 2.057 |
| Pension costs | 128.747 | 145 |
| Other costs for social security | 9.128 | 12 |
| | 1.960.425 | 2.214 |
| Average number of employees | 10 | 10 |

Staff costs include remuneration to the Executive Board and Board of Directors with t.USD 266 (2021: t.USD 298)

Notes

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| | 2022 | 2021 |
|--|-------------------|---------------|
| 4. Other financial costs | | |
| Financial costs, group enterprises | 0 | 8 |
| Other financial costs | 241.886 | 60 |
| | 241.886 | 68 |
| 5. Proposed distribution of net profit | | |
| Dividend for the financial year | 0 | 23.000 |
| Transferred to retained earnings | 13.283.988 | 2.663 |
| Total allocations and transfers | 13.283.988 | 25.663 |
| 6. Other fixtures and fittings, tools and equipment | | |
| Cost 1 January 2022 | 73.457 | 73 |
| Additions during the year | 157.087 | 0 |
| Cost 31 December 2022 | 230.544 | 73 |
| Amortisation and writedown 1 January 2022 | -54.045 | -33 |
| Depreciation for the year | -30.255 | -21 |
| Amortisation and writedown 31 December 2022 | -84.300 | -54 |
| Carrying amount, 31 December 2022 | 146.244 | 19 |
| 7. Raw materials and consumables | | |
| Raw materials and consumables | 6.431.824 | 2.976 |
| | 6.431.824 | 2.976 |

Inventory of raw materials and consumables (bunker oil) is measured at cost on basis of the FIFO method. As per 31/12 2022, the net realisable value of the inventory bunker oil is 515 t.USD lower than the cost amount. As per 31/12/2021 the net realisable value was 97 t.USD higher than the cost amount.

Notes

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

| | 31/12 2022 | 31/12 2021 |
|--|-------------------|------------|
| 8. Voyages in progress | | |
| Sales value of the production of the period | 8.407.910 | 24.368 |
| Progress billings | -9.931.187 | -23.421 |
| Voyages in progress, net | -1.523.277 | 947 |
| The following is recognised: | | |
| Voyages in progress for the account of others (Current assets) | 1.438.847 | 6.105 |
| Voyages in progress for the account of others (Short-term liabilities) | -2.962.124 | -5.158 |
| | -1.523.277 | 947 |
| 9. Prepayments and accrued income | | |
| Prepaid insurance | 36.415 | 60 |
| | 36.415 | 60 |
| 10. Contributed capital | | |
| Contributed capital 1 January 2022 | 142.741 | 143 |
| | 142.741 | 143 |

The share capital consists of 1.000 shares, each with a nominal value of DKK 1.000. No shares have special rights.

Notes

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

11. Disclosures on fair value

| | Derived financial instruments |
|--|--|
| Fair value at 31 December 2022 | -42.325 |
| Change in fair value of the year recognised in the statement of financial activity | 113.851 |

Changes in the fair values of derivative financial instruments that are designed and qualified as hedges of expected future transactions are recognised in the income statement.

12. Contingencies

Contingent liabilities

Contractual obligations

The company's annual rent obligation amounts to 137 t.USD. The tenancy can be terminated with 6 months' notice.

The company has entered into long-term lease agreements for foreign tonnage. The total commitment amounts to December 31, 2022 t.USD 39,277, of which t.USD 24,085 relates to the financial year 2023 and t.USD 15,192 relates to the financial years 2024-2025.

As part of its normal operations, the company is occasionally involved in disputes and lawsuits. The company's management is of the opinion that the outcome of these cases will not affect the company's financial situation, which is why no provision has been made to counter this in the annual report.

Joint taxation

With as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Notes

Amounts concerning 2022: USD.

Amounts concerning 2021: USD thousand.

12. Contingencies (continued)

Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

13. Related parties

Controlling interest

Maestro Shipping S.A., Avenue de Guinzel 8, 1700 Fribourg, Switzerland.

Transactions

The related party transactions are entered into on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Thopas Holding A/S, Strandvejen 102B, 2900 Hellerup.

| | 2022 | 2021 |
|---|------------------|--------------|
| 14. Adjustments | | |
| Depreciation, amortisation, and impairment | 30.255 | 21 |
| Other financial income | -131.989 | 0 |
| Other financial costs | 241.886 | 68 |
| Tax on net profit or loss for the year | 1.570.605 | 1.822 |
| Other adjustments | 847 | 0 |
| | 1.711.604 | 1.911 |
| 15. Change in working capital | | |
| Change in inventories | -3.455.400 | -357 |
| Change in receivables | 5.951.946 | -2.520 |
| Change in trade payables and other payables | -2.791.743 | 2.291 |
| | -295.197 | -586 |

Accounting policies

The annual report for T.K.B. Shipping A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD). A USD exchange rate on balance sheet items of 6.9511 (2021 : 6.5340) has been applied.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Accounting policies

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Revenue

Revenue comprises income from voyages and is recognised exclusive of VAT and duties. Revenue is recognised as the work is completed, calculated on the basis of stage of completion (production criterion) at the balance sheet date. Recognition occurs when the following conditions are met:

- the amount of revenue can be measured reliably
 - it is probable that the economic benefits associated with the transaction will flow to the entity
 - the stage of completion of the transaction at the end of the reporting period can be measured reliably:
- and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

Cost of sales

Production costs comprise the vessels operation expenses, incurred to generate revenue for the year. The expenses include charter hire for chartered vessels (operating leases), bunker oil consumption, staff costs, other voyage costs such as commissions and harbour charges, repair and maintenance costs, insurance costs and other operation expenses. Like revenue, vessels operation expenses are recognised on the basis of stage of completion.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Plant and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Accounting policies

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

| | Useful life |
|--|-------------|
| Other fixtures and fittings, tools and equipment | 3-5 years |

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories comprise bunker oil kept on board vessels for consumption. Inventories are measured at cost on basis of the FIFO method. Bunker oil is not written down in case the realisable value is lower than the cost value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Voyages at the balance sheet day is measured based on the percentage of completion method. Number of days of a voyage, as a percentage of the number of days a voyage is estimated to last, is considered as a close approximation of percentage of completion. The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the next discharge (load to discharge). Demurrage is recognized if the claim is considered probable.

When it is probable that the total costs of the freight contract will exceed the total revenue, the expected contract loss is immediately recognised as costs and provisions.

The individual voyage in progress is recognized in the balance sheet under short terms receivables or short term liabilities. Net assets consists of the voyage in progress, where the selling price of the work performed based on the percentage of completion exceeds invoicing on account. Net liabilities consists of the voyage in progress, where invoicing on account exceeds the income based on the percentage of completion.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Accounting policies

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, T.K.B. Shipping A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.