Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2022

CVR No 29 62 28 68

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/3 2023

Christian Thuesen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Rungsted Kyst, 30 March 2023

Executive Board

Oluf Myhrmann

Board of Directors

Johan Wedell-Wedellsborg Chairman	Oluf Myhrmann	Rasmus Lund-Jacobsen

Independent Auditor's Report

To the Shareholder of Weco A/S

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Weco A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 30 March 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Flemming Eghoff	Martin Birch
State Authorised Public Accountant	State Authorised Public Accountant
mne30221	mne42825

Company Information

The Company	Weco A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst Telephone: + 45 45 17 77 77 CVR No: 29 62 28 68 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
Board of Directors	Johan Wedell-Wedellsborg, Chairman Oluf Myhrmann Rasmus Lund-Jacobsen
Executive Board	Oluf Myhrmann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	4,791,650	2,445,047	1,210,545	1,244,786	1,026,644
Operating profit/loss	871,547	412,260	-78,192	-6,869	-54,670
Profit/loss before financial income and expenses	984,049	415,213	-71,881	11,066	-37,266
Net financials	-206,704	-864,701	375,661	455,773	752,058
Net profit/loss for the year	776,785	-448,340	302,984	465,968	714,778
Balance sheet					
Balance sheet total	2,829,931	2,391,683	2,894,125	2,636,334	2,228,052
Equity	2,239,141	1,660,788	2,296,436	2,067,970	1,791,074
Cash flows					
Cash flows from:					
- operating activities	791,646	230,333	-24,371	68,810	-24,637
- investing activities	262,188	189,002	-4,920	56,552	14,534
including investment in property, plant and equipment	-37,756	-53,257	-15,901	-49,191	41,177
- financing activities	-488,779	-159,876	-35,752	-108,941	-57,966
Change in cash and cash equivalents for the year	565,055	259,459	-65,043	16,421	-68,069
Number of employees	56	49	50	47	49
Ratios					
Gross margin	24.5 %	22.3 %	4.8 %	8.2 %	2.9 %
Profit margin	20.5 %	17.0 %	-5.9 %	0.9 %	-3.6 %
Return on assets	34.8 %	17.4 %	-2.5 %	0.4 %	-1.7 %
Solvency ratio	79.1 %	69.4 %	79.3 %	78.4 %	80.4 %
Return on equity	39.8 %	-22.7 %	13.9 %	24.1 %	49.7 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The primary activity of the Group is shipping operations, and the group has a portfolio of equity investments in biotech, properties and the food & beverage segment, as well as other securities.

Development in the year

The income statement of the Group for 2022 shows a profit of TDKK 776,785, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 2,239,141.

The shipping activities delivered another record result in 2022, with both subsidiaries in Weco Bulk and Weco Tankers recording their best results ever. The shipping group also sold four MPP vessels at the height of the container/special cargo market in 2022, at levels substantially higher than book value. The Group's investments in stock- listed biopharmaceutical company Y-mAbs Therapeutics depreciated in value, in another year with low global investor interest in biotech and growth companies in general.

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

As expressed in the 2021 report, the shipping activities delivered strong growth and improvement in results, although the results were better than expected.

Operating risks and financial risks

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of tonnage and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations, e.g. through long term contracts.

International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the Group will be imposed heavy financial liabilities in terms of the clean-up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

The Group's portfolio of securities is managed by external partners based on a risk profile defined by Management. Efforts are made to reduce the overall risk through a combination of Danish and foreign shares and bonds.

The Group's property portfolio is generally affected by developments in the Danish property market. Except for the Group's headquarters, the portfolio comprises only residential properties.

Management's Review

Interest rate risks

The interest rate risk on floating-rate loans is to a limited extent hedged by interest rate swaps converting the floating interest rate to a fixed interest rate.

Currency risks

Most of the income from shipping activities is in USD and EUR with most operational expenses as well as financial expenses being in USD, and administrational expenses being in USD and DKK.

Targets and expectations for the year ahead

Management expects lower revenue from the shipping activities, as especially dry cargo freight rates have started the year lower than 2022. Management expects a result in the range of DKK 100-300 million in 2023. For investments outside shipping, managements is prohibited from providing guidance due to stock-listed Y-mAbs Therapeutics restrictions on insider information.

Research and development

The Group is not involved in research and development activities.

External environment

The Group is focused on a high level of quality and safety as an important element of the operation and has a strong focus on energy efficient ships as well as optimization of fuel consumption to reduce the carbon footprint.

Intellectual capital resources

Through retention and recruitment of new competences, as well as through cooperation, alliances and education, the intellectual capital resources which are major parameters in the development and perfection of new services increase.

The Group has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Group's innovative skills, just as it is important to the future success of the Group to attract and retain well-educated employees who identify with the stated core values. Therefore, heavy investments are made to continuously improve the qualifications of both the land-based and offshore staff of the Group

Annual performance reviews are held with all employees. During the reviews, the employees' goals, plans for the future and career opportunities are discussed and planned.

Management's Review

Statement in compliance with section 99 (a) of the Danish Financial Statements Act

The Group is under the Danish financial statements act required to report on Corporate Social Responsibility (CSR). Weco's values and approach to do business has always been based on responsibility and accountability, and the company is compliant with all legal requirements within the areas of climate change, environment, human rights, employee conditions and anti-corruption.

Business model

The mission statement of Weco A/S is "We are dedicated to innovative and individual shipping solutions".

The Weco Group contains Weco Shipping, WG Biotech, Weco Biotech and minor shares in real estate companies, food and beverage companies and in biotech. While Weco Shipping has shipping as its main activity, no activities except exercising ownership of minority shares in a biotech company appear in WG Biotech and Weco Biotech, and the two companies have no employees.

The main activities within Weco Shipping contains shipping and includes 8 owned and long-term chartered Bulk, Tank, Project and RoRo vessels, as well as Weco Bulk and Weco Tanker operating about 53 short-term chartered vessels from external suppliers as their business model. This operation is carried out from offices in Denmark, USA, Brazil, Singapore and Italy with 47 staff in total.

All technical management (crewing, maintenance, control of costs) with respect to owned vessels has been outsourced to external suppliers.

Contracting with suppliers of vessels follows the standard contractual terms provided by the international shipping organization BIMCO. To the extend it has been incorporated into the standard terms, this includes clauses on CSR. Weco Shipping select suppliers based on experience and informal expectations and requirements related to energy efficiency and legal compliance. All chartered vessels undergo inspection from relevant authorities, hereunder also the International Transport Worker's Federation, ITF.

Weco Shipping acknowledges the importance of being alert to challenges within climate change, environment, human rights, employee conditions and anti-corruption, but being a relatively small organization, Weco Shipping do not see the need of formalizing its management approach into written policies and procedures. The management approach is very agile and allows for all within the organization to address top management directly with questions and when in need of approval.

Management's Review

Assessment of risks

Climate change and the environment

It is the ambition to continuously improve energy efficiency with all vessels. Consequently, The Group is always inquiring about energy efficiency when engaging a supplier including contractual terms ensuring the supplier vessel is compliant with low-sulfur bunker regulation. In 2021, we have included contractual terms about low-sulfur bunker regulation compliance in all new contracts, and we will continue this in the future.

However, as the fuel consumption is the only material impact, we may influence, and since the number of transactions are limited, Weco Shipping do not see risks material enough to require a formalized policy. We will continuously evaluate the need for a more formalized policy.

Human rights

The Group respects and recognizes human rights, the rights of the child and all International Labor Organization (ILO) charters. With its current business model we don't employ crew on the vessels. When selecting a supplier, it is contractually ensured that the responsibility of work and employment conditions belong to the supplier and that the ITF are granted access to check and review compliance in accordance with international agreements. In 2022, we have included contractual terms about responsibility of work and employment contracts in all new contracts, and we will continue this in the future.

Consequently, we do not see risks leading to a need for a formalized policy on human rights. We will continuously evaluate the need for a more formalized policy.

Anti-corruption

Weco Shipping has a zero tolerance towards corruption and bribery practices. Contracts with both customers and suppliers follow the standards provided by BIMCO. Port costs forwarded by chartered vessels that are to be paid by Weco Shipping undergo quality assurance and approval from an external service provider, which know all official rates in ports. Further, all costs related to voyages are approved directly by management applying a four eye principle, so the risks related to corruption and bribery are considered very low. In 2022, we have followed the anti-corruption procedures described above and we will continue to do so in the future.

Policies on CSR

Referencing the above assessment and evaluation of risks related to CSR, the Group has decided not to author formalized policies for impacts related to climate change, environmental issues, human rights, and anti-corruption. Our work within these areas is described in the sections above. We will continuously evaluate the need for more formalized policies.

Management's Review

Policy regarding employees

It is the policy to enable Weco Group to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments.

Activities and results

In 2022, annual meetings have been held with all employees where the performance of the individual was assessed and evaluated and where targets for 2022 were decided in agreement with the employee. In 2023, we will continue with annual meetings to assess and evaluate the performance of the individual employees.

Weco Group has ensured paid health insurance for all employees and has in 2022 continued its offer for employees to be able to work from home, in the light of Covid 19 and to provide grounds for a healthy work life balance.

Statement in compliance with section 99 (b) of the Danish Financial Statements Act

Within the Group it has been decided that each company required to report in accordance with section 99b of the Danish financial statements act must do so on its own. Since no companies registered in Denmark within the Group have more than 50 employees, there are no policies, activities or results related to the underrepresented gender on other management levels.

Target for the Board of WECO A/S

In 2019 the Group set a target to have 40% women on the Board of Directors by 2024. Being a company managed directly by the owners and given the development of the business, it has not been possible for the Group to either add or occupy one of the four positions of the Board with a woman. In general, there are not many female candidates available, and further the general assembly and the owners have not seen the need to make adjustments to the current board leading to that there are still only men on the Board at the end of 2022.

Policy to increase gender diversity on other management levels

Due to recent development, the group has within the reporting year grown the number of employees to above 50. As a consequence, we have for the reporting year 2022 installed a policy to increase the underrepresented gender in other management as per requirements from §139 of the Danish Companies Act. Due to the recent installment of the policy, we have not yet developed any specific action plans to support the implementation of the policy. In 2022, we have obtained a satisfying result taking into consideration the short time frame for our efforts in this regard. Going forward, we plan to continue our efforts to develop action plans to achieve a balanced gender representation in other management levels.

Management's Review

Statement on data ethics in accordance with section 99 d of the Danish Financial Statements Act

Weco A/S comply with the Danish legislation on GDPR with regards to employee and personal data.

Given our business model and activities all data are considered business critical and will as such never be shared with or in any way be made available to third parties. Consequently, Management at Weco A/S has seen no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of potentially setting such a policy in the near future.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Revenue	1	**4,791,650**	**2,445,047**	**0**	**0**
Other operating income		112,502	2,953	1,006	0
Vessel operating costs		-3,695,462	-1,875,870	0	0
Other external expenses		-36,211	-25,928	-8,858	-3,181
Gross profit/loss		**1,172,479**	**546,202**	**-7,852**	**-3,181**
Staff expenses	2	-156,832	-95,502	-3,064	-864
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-31,598	-35,487	0	0
Profit/loss before financial income and expenses	4	**984,049**	**415,213**	**-10,916**	**-4,045**
Income from investments in subsidiaries	5	0	0	440,068	-450,877
Income from investments in associates	6	78,739	73,487	15,049	-3,158
Financial income	7	20,844	2,807	14,892	12,449
Financial expenses	8	-306,287	-940,995	-29,364	-13,353
Profit/loss before tax		**777,345**	**-449,488**	**429,729**	**-458,984**
Tax on profit/loss for the year	9	-560	1,148	784	467
Net profit/loss for the year		**776,785**	**-448,340**	**430,513**	**-458,517**

Balance Sheet 31 December

Assets

	Note	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
		TDKK	TDKK	TDKK	TDKK
Goodwill		0	143	0	0
Intangible assets	10	**0**	**143**	**0**	**0**
Land and buildings	11	35,864	48,662	0	7,231
Investment properties	12	5,289	5,474	0	0
Other fixtures and fittings, tools and equipment	11	148,155	112,117	144,920	108,397
Vessels	11	228,269	501,918	0	0
Property, plant and equipment		**417,577**	**668,171**	**144,920**	**115,628**
Investments in subsidiaries	13	0	0	1,646,133	1,283,726
Investments in associates	14	372,680	277,296	33,650	19,027
Other investments	15,19	269,776	581,892	127,607	135,458
Fixed asset investments		**642,456**	**859,188**	**1,807,390**	**1,438,211**
Fixed assets		**1,060,033**	**1,527,502**	**1,952,310**	**1,553,839**
Bunkers and lube oil		118,351	63,917	0	0
Inventories		**118,351**	**63,917**	**0**	**0**
Trade receivables		182,124	106,343	0	0
Receivables from group enterprises		0	0	48,972	35,064
Receivables from associates		19,120	20,065	7,649	5,781
Other receivables	16,24	113,727	82,573	31,740	29,407
Deferred tax asset	22	381	443	4	4
Prepayments	17	297,364	214,644	0	0
Receivables		**612,716**	**424,068**	**88,365**	**70,256**
Current asset investments	18	**148,884**	**51,304**	**94,138**	**51,304**
Cash at bank and in hand		**889,947**	**324,892**	**12,245**	**7,601**
Currents assets		**1,769,898**	**864,181**	**194,748**	**129,161**
Assets		**2,829,931**	**2,391,683**	**2,147,058**	**1,683,000**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital	20	50,000	50,000	50,000	50,000
Revaluation reserve		4,064	4,064	0	0
Reserve for net revaluation under the equity method		0	0	1,158,213	823,201
Other statutory reserves		22,449	-3,625	0	0
Reserve for hedging transactions		-2,416	203	0	0
Retained earnings		1,663,704	1,308,191	529,588	485,632
Equity attributable to shareholders of the Parent Company		**1,737,801**	**1,358,833**	**1,737,801**	**1,358,833**
Minority interests		501,340	301,955	0	0
Equity		**2,239,141**	**1,660,788**	**1,737,801**	**1,358,833**
Mortgage loans		15,381	16,238	0	0
Lease obligations		105,754	269,726	0	0
Payables to associates		0	39,702	0	0
Long-term debt	23	**121,135**	**325,666**	**0**	**0**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent Company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Mortgage loans	23	857	853	0	0
Credit institutions		52,406	104,886	52,406	104,886
Lease obligations	23	26,334	39,151	0	0
Trade payables		176,375	71,234	162	163
Payables to group enterprises		0	0	344,794	198,215
Payables to associates	23	6,527	161	0	0
Payables to owners and Management		6,457	7,047	6,457	6,347
Corporation tax		1,098	0	691	0
Other payables	24	79,044	75,412	4,747	14,556
Deferred income	25	120,557	106,485	0	0
Short-term debt		**469,655**	**405,229**	**409,257**	**324,167**
Debt		**590,790**	**730,895**	**409,257**	**324,167**
Liabilities and equity		**2,829,931**	**2,391,683**	**2,147,058**	**1,683,000**

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Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Other statutory reserves	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	4,064	0	-3,625	203	1,308,191	1,358,833	301,955	1,660,788
Exchange adjustments	0	0	0	26,074	0	0	26,074	5,665	31,739
Cash capital increase	0	0	0	0	0	0	0	42	42
Extraordinary dividend paid	0	0	0	0	0	-75,000	-75,000	-150,363	-225,363
Fair value adjustment of hedging instruments	0	0	0	0	-2,619	0	-2,619	-2,231	-4,850
Net profit/loss for the year	0	0	0	0	0	430,513	430,513	346,272	776,785
Equity at 31 December	**50,000**	**4,064**	**0**	**22,449**	**-2,416**	**1,663,704**	**1,737,801**	**501,340**	**2,239,141**

Statement of Changes in Equity

Parent Company

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Other statutory reserves	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50,000	0	823,201	0	0	485,632	1,358,833	0	1,358,833
Exchange adjustments	0	0	26,074	0	0	0	26,074	0	26,074
Extraordinary dividend paid	0	0	0	0	0	-75,000	-75,000	0	-75,000
Dividend from group enterprises	0	0	-106,422	0	0	106,422	0	0	0
Fair value adjustment of hedging instruments	0	0	-2,619	0	0	0	-2,619	0	-2,619
Net profit/loss for the year	0	0	417,979	0	0	12,534	430,513	0	430,513
Equity at 31 December	**50,000**	**0**	**1,158,213**	**0**	**0**	**529,588**	**1,737,801**	**0**	**1,737,801**

Cash Flow Statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Net profit/loss for the year		776,785	-448,340
Adjustments		131,484	908,676
Change in working capital		-123,670	-196,516
Cash flows from operating activities before financial income and expenses		**784,599**	**263,820**
Financial income		13,283	2,564
Financial expenses		-6,743	-34,109
Cash flows from ordinary activities		**791,139**	**232,275**
Corporation tax paid		507	-1,942
Cash flows from operating activities		**791,646**	**230,333**
Investment in associates		-99,751	-23,492
Purchase of property, plant and equipment		-37,756	-53,257
Fixed asset investments made etc		0	-42,256
Sale of property, plant and equipment		382,324	94
Sale of associates		0	1,049
Purchase/sale of securities		-90,019	-6,327
Sale of fixed asset investments etc		12,701	296,854
Dividends received from associates		94,689	16,337
Cash flows from investing activities		**262,188**	**189,002**
Repayment of mortgage loans		-854	0
Repayment of loans from credit institutions		-52,480	0
Reduction of lease obligations		-176,789	-26,400
Raising of mortgage loans		0	3,891
Raising of loans from credit institutions		0	49,547
Changes in payables to associates		-33,335	39,470
Minority interests		42	-174,913
Dividend paid		-225,363	-51,471
Cash flows from financing activities		**-488,779**	**-159,876**

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	Note	2022	2021
		TDKK	TDKK
Change in cash and cash equivalents		**565,055**	**259,459**
Cash and cash equivalents at 1 January		324,892	65,433
Cash and cash equivalents at 31 December		**889,947**	**324,892**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		889,947	324,892
Cash and cash equivalents at 31 December		**889,947**	**324,892**

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

1 Revenue

Geographical segments

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Globally	4,791,650	2,445,047	0	0
	4,791,650	**2,445,047**	**0**	**0**

Business segments

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Shipping - Tank	1,865,409	661,300	0	0
Shipping - Bulk	2,696,611	1,653,876	0	0
Shipping - Project	182,547	93,410	0	0
Shipping - RoRo	47,083	36,461	0	0
	4,791,650	**2,445,047**	**0**	**0**

2 Staff expenses

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Wages and salaries	150,199	89,814	2,931	719
Pensions	4,301	3,615	118	118
Other social security expenses	303	233	10	12
Other staff expenses	2,029	1,840	5	15
	156,832	**95,502**	**3,064**	**864**
Including remuneration to the Executive Board and Board of Directors	**6,840**	**1,953**	**5,580**	**693**
Average number of employees	**56**	**49**	**2**	**2**

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	2022	2021	2022	2021
Amortisation of intangible assets	150	301	0	0
Depreciation of property, plant and equipment	31,263	30,995	0	0
Revaluations of investment properties	185	314	0	0
Impairment of property, plant and equipment	0	30,864	0	0
Reversal of impairment of property, plant and equipment	0	-26,901	0	0
Gain and loss on disposal	0	-86	0	0
	31,598	**35,487**	**0**	**0**

4 Special items

	2022	2021	2022	2021
Impairment of vessels	0	30,864	0	0
Reversal of Impairment of vessels	0	-26,901	0	0
Reversal of impairment of Associates, recognized as results from associates	0	-13,477	0	0
Profit on sale of vessels, Other operating income	-107,239	0	0	0
	-107,239	**-9,514**	**0**	**0**

5 Income from investments in subsidiaries

	Parent 2022	Parent 2021
Share of results of subsidiaries	440,068	-450,877
	440,068	**-450,877**

Notes to the Financial Statements

		Group		Parent Company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
6	**Income from investments in associates**				
	Share of result of associates	80,315	74,719	15,049	-3,158
	Amortisation of goodwill/badwill	-1,446	-757	0	0
	Profit / loss on sale of investments in associates	-130	-475	0	0
		78,739	**73,487**	**15,049**	**-3,158**
7	**Financial income**				
	Income from fixed asset investments	0	0	0	8,839
	Interest received from group enterprises	0	0	2,828	1,711
	Other financial income	20,844	2,807	12,064	1,899
		20,844	**2,807**	**14,892**	**12,449**
8	**Financial expenses**				
	Loss from fixed asset investments	299,544	799,936	3,530	0
	Interest paid to group enterprises	0	0	9,475	3,020
	Loss from sale of financial assets	0	106,950	0	0
	Other financial expenses	13,916	22,914	3,275	4,820
	Exchange adjustments	-7,173	11,195	13,084	5,513
		306,287	**940,995**	**29,364**	**13,353**
9	**Tax on profit/loss for the year**				
	Current tax for the year	66	3	-784	-463
	Deferred tax for the year	62	-1,151	0	-4
	Adjustment of tax concerning previous years	432	0	0	0
		560	**-1,148**	**-784**	**-467**

Notes to the Financial Statements

10 Intangible assets

Group

	Goodwill
	TDKK
Cost at 1 January	855
Exchange adjustment	54
Cost at 31 December	909
Impairment losses and amortisation at 1 January	712
Exchange adjustment	47
Amortisation for the year	150
Impairment losses and amortisation at 31 December	909
Carrying amount at 31 December	**0**
Amortised over	3 years

Notes to the Financial Statements

11 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Vessels	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	46,531	132,482	924,288	1,103,301
Exchange adjustment	0	874	29,035	29,909
Additions for the year	381	37,375	0	37,756
Disposals for the year	-13,483	-792	-530,166	-544,441
Cost at 31 December	33,429	169,939	423,157	626,525
Revaluations at 1 January	4,064	0	0	4,064
Revaluations at 31 December	4,064	0	0	4,064
Impairment losses and depreciation at 1 January	1,933	20,365	422,370	444,668
Exchange adjustment	0	390	12,568	12,958
Depreciation for the year	348	1,029	29,886	31,263
Reversal of impairment and depreciation of sold assets	-652	0	-269,936	-270,588
Impairment losses and depreciation at 31 December	1,629	21,784	194,888	218,301
Carrying amount at 31 December	**35,864**	**148,155**	**228,269**	**412,288**
Depreciated over	20 - 50 years	3 - 10 years	2 - 25 years	
Including assets under finance leases amounting to	0	0	228,269	228,269

Notes to the Financial Statements

11 Property, plant and equipment (continued)

Parent Company

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 January	7,231	111,299
Additions for the year	0	37,315
Disposals for the year	-7,231	-792
Cost at 31 December	0	147,822
Impairment losses and depreciation at 1 January	0	2,902
Depreciation for the year	0	0
Impairment losses and depreciation at 31 December	0	2,902
Carrying amount at 31 December	**0**	**144,920**
Depreciated over	20-50 years	0 years

Other fixtures and fittings, tools and equipment consists of artwork carried at cost with residual value at cost.

Notes to the Financial Statements

12 Assets measured at fair value

	Group
	Investment properties
	TDKK
Cost at 1 January	5,889
Cost at 31 December	5,889
Value adjustments at 1 January	-415
Revaluations for the year	-185
Value adjustments at 31 December	-600
Carrying amount at 31 December	**5,289**

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The determination of fair value is based on a return-based model, and Management uses accounting estimates when determining the fair value. The use of accounting estimates implies that the statement of fair value is subject to some uncertainty. The fair value is stated based on assumptions that Management considers probable and realistic. Management reassesses assumptions on a current basis, and any changes to the assumptions are reflected in the fair value. The discount rate applied is 4% (2021: 4%).

Notes to the Financial Statements

	Parent Company	
	2022	2021
	TDKK	TDKK
13 Investments in subsidiaries		
Cost at 1 January	458,816	466,777
Additions for the year	0	0
Disposals for the year	0	-7,961
Cost at 31 December	458,816	458,816
Value adjustments at 1 January	787,778	1,250,184
Disposals for the year	0	-39,422
Exchange adjustment	26,074	30,165
Net profit/loss for the year	440,068	-450,877
Dividend to the Parent Company	-105,775	0
Fair value adjustment of hedging instruments for the year	0	0
Other equity movements	-2,619	-2,272
Value adjustments at 31 December	1,145,526	787,778
Equity investments with negative net asset value amortised over receivables	41,791	37,132
Carrying amount at 31 December	**1,646,133**	**1,283,726**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Weco Shipping A/S	Hørsholm, Denmark	TDKK 35,000	100 %
Weco Biotech ApS	Hørsholm, Denmark	TDKK 200	80 %
Weco-Properties ApS	Hørsholm, Denmark	TDKK 10,000	100 %
Weco LIT ApS	Hørsholm, Denmark	TDKK 1,000	75 %
WF&B ApS	Hørsholm, Denmark	TDKK 50	100 %
WI 2017 ApS	Hørsholm, Denmark	TDKK 100	100 %

Notes to the Financial Statements

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
14 Investments in associates				
Cost at 1 January	207,105	236,535	20,735	18,330
Exchange adjustment	9,412	15,937	0	0
Additions for the year	99,751	23,492	109	2,405
Disposals for the year	0	-68,859	0	0
Cost at 31 December	316,268	207,105	20,844	20,735
Value adjustments at 1 January	64,536	-58,409	-1,712	1,446
Disposals for the year	0	67,810	0	0
Exchange adjustment	4,110	-2,490	0	0
Net profit/loss for the year	80,315	74,719	15,049	-3,158
Dividends received	-94,689	-16,337	-650	0
Amortisation of goodwill/badwill	-1,446	-757	0	0
Value adjustments at 31 December	52,826	64,536	12,687	-1,712
Equity investments with negative net asset value amortised over receivables	3,586	5,655	119	4
Carrying amount at 31 December	**372,680**	**277,296**	**33,650**	**19,027**

Notes to the Financial Statements

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Zuuvi ApS	København, Denmark	TDKK 50	22 %
L.E.T.T AS	Oslo, Norway	TNOK 5,600	34 %
Stenwec I P/S	Hellerup, Denmark	TDKK 500	50 %
Komplementarselskabet Stenwec ApS	Hellerup, Denmark	TDKK 50	50 %
Brøndbyvestervej 18 ApS	Gentofte, Denmark	TDKK 50	46 %
Emmerys ApS	København, Denmark	TDKK 500	20 %
Bibjool ApS	Hørsholm, Denmark	TDKK 50	30 %
Omni Elearning 2017 ApS	København, Denmark	TDKK 212	31 %
Orion I ApS	København, Denmark	TDKK 20	49 %
Thaiden Maritime Ltd.	Thailand	TUSD 7,139	49 %
Majool Artclub ApS	Copenhagen, DK	TDKK 120	33 %
Cajool Artclub ApS	Hørsholm, Denmark	TDKK 100	40 %
LitUpp Development A/S	København, Denmark	TDKK 1,051	34 %
Grace Harmony Singapore Pte. Ltd.	Singapore	TUSD 26,000	50 %
Golden Weco Dry Bulk	Liberia	TUSD 0	50 %
Copenhagen Commercial Platform ApS	Hørsholm, Denmark	TDKK 78	25 %

All foreign associates are recognised and measured as separate entities.

Notes to the Financial Statements

15 Other fixed asset investments

	Group	Parent Company
	Other investments	Other investments
	TDKK	TDKK
Cost at 1 January	166,532	86,908
Exchange adjustment	393	0
Disposals for the year	-9,917	-3,245
Cost at 31 December	157,008	83,663
Revaluations at 1 January	415,360	48,550
Exchange adjustment	-264	0
Revaluations for the year	-299,544	-3,530
Reversal of revaluations on sold assets	-2,784	-1,076
Revaluations at 31 December	112,768	43,944
Carrying amount at 31 December	**269,776**	**127,607**

16 Other receivables

Other receivables consist of loans. Hereof DKK 14,613k falls due for payment after 12 months.

Other receivables DKK 60,609k relate to loans to two minority shareholders in Weco Bulk A/S. The loans are issued in accordance with the Danish Company Act §210. The interest rate on the loans is 5%, and the loans are expected to be settled in 2023 as part of the distributions of dividends.

17 Prepayments

Prepayments consist of prepaid T/C hire, Port costs and accruals regarding uninvoiced revenue.

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
18 Current asset investments				
Shares and bonds	148,884	51,304	94,138	51,304
	148,884	**51,304**	**94,138**	**51,304**

19 Investments at fair value

	Fair value adjustment, income statement	Fair value at 31 December
	TDKK	TDKK
Group		
Current asset investments	7,561	148,884
Other fixed asset investments	-204,408	364,912
Parent Company		
Current asset investments	6,045	94,138
Other fixed asset investments	91,606	222,743

The Group's investments in Current Asset investments and Other fixed asset investments consist of listed- and unlisted shares and investments in private equity funds.

For Private Equity funds, the fair value is determined on basis of information provided by the individual Private Equity funds for an example received quarterly reports where the valuation models DCF and multiples are used.

The fair value of unlisted shares is calculated according to the information provided on the basis of unobservable inputs. A decrease or an increase in the used assumptions will have a direct effect on the fair value.

Notes to the Financial Statements

20 Equity

The share capital consists of 50,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

21 Distribution of profit

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Extraordinary dividend paid	75,000	39,750	75,000	39,750
Reserve for net revaluation under the equity method	0	0	417,979	-451,908
Minority interests' share of net profit/loss of subsidiaries	346,272	10,177	0	0
Retained earnings	355,513	-498,267	-62,466	-46,359
	776,785	**-448,340**	**430,513**	**-458,517**

22 Deferred tax asset

	Group 2022 TDKK	Group 2021 TDKK	Parent Company 2022 TDKK	Parent Company 2021 TDKK
Deferred tax asset at 1 January	443	-708	4	0
Amounts recognised in the income statement for the year	-62	1,151	0	4
Deferred tax asset at 31 December	**381**	**443**	**4**	**4**

The recognized tax asset comprises tax loss carry-forwards expected to be utilised within the next three to four years. However, due to the length of the period, recognition and measurement of the tax asset are subject to uncertainty

Notes to the Financial Statements

23 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	11,909	12,783	0	0
Between 1 and 5 years	3,472	3,455	0	0
Long-term part	15,381	16,238	0	0
Within 1 year	857	853	0	0
	16,238	**17,091**	**0**	**0**
Lease obligations				
After 5 years	0	80,795	0	0
Between 1 and 5 years	105,754	188,931	0	0
Long-term part	105,754	269,726	0	0
Within 1 year	26,334	39,151	0	0
	132,088	**308,877**	**0**	**0**
Payables to associates				
Between 1 and 5 years	0	39,702	0	0
Long-term part	0	39,702	0	0
Other short-term debt to associates	6,527	161	0	0
	6,527	**39,863**	**0**	**0**

Notes to the Financial Statements

24 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts and futures have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Hedge Accounting Not Applied:
-Interest rate swaps, with a nominal value of tDKK 15,000 and a duration until 31 December 2028

Hedge Accounting Applied:
-Oil contracts with a duration of 0-12 months.

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Assets	0	453	0	0
Liabilities	5,971	5,115	1,596	5,115

Group

	Fair value adjustment, income statement	Fair value adjustment, equity	Fair value at 31 December
	TDKK	TDKK	TDKK
Oil contracts (Hedging applied)	0	4,375	-4,375
Interest rate swaps (Hedging not applied)	3,520	0	-1,596

Parent Company

	Fair value adjustment, income statement	Fair value adjustment, equity	Fair value at 31 December
	TDKK	TDKK	TDKK
Interest rate swaps (Hedging not applied)	3,520	0	-1,596

Notes to the Financial Statements

25 Deferred income

Deferred income consists of payments received in respect of income in subsequent years and accruals regarding costs for open voyages.

26 Contingent assets, liabilities and other financial obligations

Security

The Group has provided security for mortgage debt totaling DKK 16,283k (2021: 17,091k) by way of mortgages on the Company's properties. The total carrying amount of the properties concerned is DKK 35,864k (2021: DKK 36,212k).

The Group has placed security for associated companies' debt of DKK 6,603k (2021: DKK 6,797k).
The Parent has placed security for associated companies' debt of DKK 3,100k (2021: DKK 3,100k).

Rental agreements and leases

The Group has entered into operating lease agreements with a total future lease payment of DKK 3,117k (2021: DKK 3,877k)

The Group's contractual obligations relating to short-term chartering of vessels total DKK 1,963,229k (2021: DKK 1,802,278k).

Notes to the Financial Statements

26 Contingent assets, liabilities and other financial obligations (continued)

Contingent liabilities

There is a residual liability corresponding to the Group's share of the non-paid capital totalling DKK 10,546k (2021: DKK 6,599k) tied to the Group's investment in associates and other investments and DKK 8,590k (2021: DKK 3,736k) for the Parent Company.

The Group has committed to a loan facility for investments of DKK 2,004k (2021 : DKK 12,578k), the facility is currently not used.The Parent Company has committed to a loan facility for investments of DKK 0k (2021 DKK 4,000k), the facility is currently not used.

As part of the ordinary shipping operations, the Group regularly receives claims from customers. The individual claims are provided for in the Financial Statements based on an individual assessment.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Weco A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

The Parent Company has given notice of support on going concern to some of the subsidiaries.

27 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

28 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Audit fee to PricewaterhouseCoopers	1,150	974	221	190
Tax advisory services	849	554	415	272
Non-audit services	95	158	0	0
	2,094	**1,686**	**636**	**462**

Notes to the Financial Statements

29 Accounting Policies

The Annual Report of Weco A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

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

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

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

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

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

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

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

29 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

Translation policies

DKK is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Notes to the Financial Statements

29 Accounting Policies (continued)

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

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Segment reporting

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income Statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

29 Accounting Policies (continued)

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment together with gains and losses on the sale of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year less goodwill amortization or added badwill amortization.

Financial income and expenses

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

Tax on profit/loss for the year

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

The parent Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

The Group is comprised by the tonnage tax regime.

Notes to the Financial Statements

29 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5-10 years.

Investment properties and other property, plant and equipment

Investment properties

On acquisition investment properties are measured at cost comprising the acquisition price and costs of acquisition.

After the initial recognition investment properties are measured at fair value.

The fair value of certain investment properties has been determined by using a return-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc.

Other property, plant and equipment

Other property, plant and equipment are measured at cost added revaluations and less accumulated depreciation and less any accumulated impairment losses.

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

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

Buildings	20 - 50	years
Other fixtures and fittings, tools and equipment	3 - 10	years
Vessels	2 - 25	years

Depreciation period and residual value are reassessed annually.

Aquried artwork is carried at cost with a residual value at cost.

Notes to the Financial Statements

29 Accounting Policies (continued)

Impairment of fixed assets

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

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

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items“Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0, and any receivables from these companies are written down to the extent that the receivable is irrecoverable. To the extent that the company has a legal or constructive obligation that exceeds the receivable, the remaining amount is recognised in provisions.

Current and fixed asset investments

Other investments comprise investments in unlisted securities in which the Company holds below 20% of the voting rights and does not exercise significant influence. Other investments are measured at fair value. The fair value is made up at the market value at the balance sheet date at a value made up using generally recognised valuation principles if the securities are unlisted. If the fair value cannot be reliably measured, cost is used as an alternative.

Bunkers and lube oil

Bunkers and lube oil are measured at the lower of cost under the FIFO method and net realisable value.

Notes to the Financial Statements

29 Accounting Policies (continued)

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning time charter, insurance premiums, etc.

Current and fixed asset investments

Current and fixed asset investments, which consist of bonds and shares, are measured at their fair values at the balance sheet date.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

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

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

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

Notes to the Financial Statements

29 Accounting Policies (continued)

Current tax receivables and liabilities

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

Financial debts

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

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

Deferred income

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Notes to the Financial Statements

29 Accounting Policies (continued)

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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