
Weco A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2021

CVR No 29 62 28 68

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /4 2022

Christian Thuesen
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	13
Balance Sheet 31 December	14
Statement of Changes in Equity	17
Cash Flow Statement 1 January - 31 December	19
Notes to the Financial Statements	21

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 2021.

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 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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, 5 April 2022

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 2021 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 2021 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 2021, 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, 5 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Martin Birch
State Authorised Public Accountant
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				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Revenue	2,445,047	1,210,545	1,244,786	1,026,644	830,005
Operating profit/loss	412,260	-78,192	-6,869	-54,670	-121,852
Profit/loss before financial income and expenses	415,213	-71,881	11,066	-37,266	-110,747
Net financials	-864,701	375,661	455,773	752,058	106,212
Net profit/loss for the year	-448,340	302,984	465,968	714,778	-3,769
Balance sheet					
Balance sheet total	2,391,683	2,894,125	2,636,334	2,228,052	1,544,925
Equity	1,660,788	2,296,436	2,067,970	1,791,074	1,085,976
Cash flows					
Cash flows from:					
- operating activities	230,333	-24,371	68,810	-24,637	-85,364
- investing activities	189,002	-4,920	56,552	14,534	233,525
including investment in property, plant and equipment	-53,257	-15,901	-49,191	41,177	-53,515
- financing activities	-159,876	-35,752	-108,941	-57,966	-143,958
Change in cash and cash equivalents for the year	259,459	-65,043	16,421	-68,069	4,203
Number of employees	49	50	47	49	85
Ratios					
Gross margin	22.3 %	4.8 %	8.2 %	2.9 %	1.9 %
Profit margin	17.0 %	-5.9 %	0.9 %	-3.6 %	-13.3 %
Return on assets	17.4 %	-2.5 %	0.4 %	-1.7 %	-7.2 %
Solvency ratio	69.4 %	79.3 %	78.4 %	80.4 %	70.3 %
Return on equity	-22.7 %	13.9 %	24.1 %	49.7 %	-0.3 %

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 2021 shows a loss of TDKK 448,340, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 1,660,788.

While the shipping activities delivered the best ever result in 2021, the Group's investments in stock-listed biopharmaceutical company Y-mAbs Therapeutics depreciated in value, in a year with lower 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 2020 report, the shipping activities delivered strong growth and improvement in results, although the results were better than expected. For investments outside shipping, managements did expect lower results in 2021 than those reported in 2020, but the results are lower than management's expectations.

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 administrative expenses being in USD and DKK.

Targets and expectations for the year ahead

Management expects growth in revenue and from the shipping activities, and a result in the range of DKK 250-500 million in 2022. For investments outside shipping, management 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 minority 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 extent 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 2021, 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 2021, 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 Shipping 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 2021, annual meetings have been held with all employees where the performance of the individual was assessed and evaluated and where targets for 2021 were decided in agreement with the employee. In 2022, we will continue with annual meetings to assess and evaluate the performance of the individual employees.

Weco Shipping has ensured paid health insurance for all employees and has in 2021 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 2021.

Policy to increase gender diversity on other management levels

Weco A/S as the holding company has less than 50 employees and are consequently not required to author and report upon a policy to increase the number of women on 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		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Revenue	1	2,445,047	1,210,545	0	0
Other operating income		2,953	6,311	0	0
Vessel operating costs		-1,528,107	-1,133,689	0	0
Other external expenses		-373,691	-25,228	-3,181	-3,369
Gross profit/loss		546,202	57,939	-3,181	-3,369
Staff expenses	2	-95,502	-42,417	-864	-2,031
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-35,487	-87,403	0	-11
Profit/loss before financial income and expenses	4	415,213	-71,881	-4,045	-5,411
Income from investments in subsidiaries	5	0	0	-450,877	284,521
Income from investments in associates	6	73,487	2,808	-3,158	-164
Financial income	7	2,807	516,840	12,449	4,279
Financial expenses	8	-940,995	-143,987	-13,353	-125,972
Profit/loss before tax		-449,488	303,780	-458,984	157,253
Tax on profit/loss for the year	9	1,148	-796	467	-1,148
Net profit/loss for the year		-448,340	302,984	-458,517	156,105

Balance Sheet 31 December

Assets

	Note	Group		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Goodwill		143	395	0	0
Intangible assets	10	143	395	0	0
Land and buildings	11	48,662	39,151	7,231	0
Investment properties	12	5,474	5,079	0	0
Other fixtures and fittings, tools and equipment	11	112,117	84,732	108,397	80,280
Vessels	11	501,918	504,158	0	0
Property, plant and equipment		668,171	633,120	115,628	80,280
Investments in subsidiaries	13	0	0	1,283,726	1,751,969
Investments in associates	14	277,296	185,010	19,027	19,776
Other investments	15	581,892	1,743,434	135,458	84,363
Fixed asset investments		859,188	1,928,444	1,438,211	1,856,108
Fixed assets		1,527,502	2,561,959	1,553,839	1,936,388
Bunkers and lube oil		63,917	35,371	0	0
Inventories		63,917	35,371	0	0
Trade receivables		106,343	42,267	0	0
Receivables from group enterprises		0	0	35,064	25,950
Receivables from associates		20,065	12,850	5,781	5,845
Other receivables	16	82,573	42,915	29,407	7,239
Deferred tax asset	21	443	0	4	0
Prepayments	17	214,644	88,596	0	0
Receivables		424,068	186,628	70,256	39,034
Current asset investments	18	51,304	44,734	51,304	44,734
Cash at bank and in hand		324,892	65,433	7,601	16,049
Currents assets		864,181	332,166	129,161	99,817
Assets		2,391,683	2,894,125	1,683,000	2,036,205

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital	19	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	823,201	1,286,638
Other statutory reserves		-3,625	-33,790	0	0
Reserve for hedging transactions		203	1,024	0	0
Retained earnings		1,308,191	1,807,909	485,632	492,569
Equity attributable to shareholders of the Parent Company		1,358,833	1,829,207	1,358,833	1,829,207
Minority interests		301,955	467,229	0	0
Equity		1,660,788	2,296,436	1,358,833	1,829,207
Provision for deferred tax	21	0	708	0	0
Provisions		0	708	0	0
Mortgage loans		16,238	12,656	0	0
Lease obligations		269,726	297,290	0	0
Payables to associates		39,702	0	0	0
Other payables		0	11,682	0	0
Long-term debt	22	325,666	321,628	0	0

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent Company	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Mortgage loans	22	853	545	0	0
Credit institutions		104,886	55,339	104,886	55,339
Lease obligations	22	39,151	37,987	0	0
Trade payables		71,234	34,271	163	0
Payables to group enterprises		0	0	198,215	91,941
Payables to associates	22	161	393	0	0
Payables to owners and Management		7,047	6,299	6,347	6,299
Corporation tax		0	1,939	0	1,939
Other payables	22	75,412	67,892	14,556	51,480
Deferred income	23	106,485	70,688	0	0
Short-term debt		405,229	275,353	324,167	206,998
Debt		730,895	596,981	324,167	206,998
Liabilities and equity		2,391,683	2,894,125	1,683,000	2,036,205
Distribution of profit	20				
Contingent assets, liabilities and other financial obligations	24				
Related parties	25				
Fee to auditors appointed at the general meeting	26				
Accounting Policies	27				

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	-33,790	1,024	1,807,909	1,829,207	467,229	2,296,436
Exchange adjustments	0	0	0	30,165	0	0	30,165	10,458	40,623
Cash capital increase	0	0	0	0	0	0	0	48,012	48,012
Disposals for the year	0	0	0	0	0	0	0	-221,271	-221,271
Extraordinary dividend paid	0	0	0	0	0	-39,750	-39,750	-11,721	-51,471
Fair value adjustment of hedging instruments	0	0	0	0	-821	0	-821	-727	-1,548
Other equity movements	0	0	0	0	0	-1,451	-1,451	-202	-1,653
Net profit/loss for the year	0	0	0	0	0	-458,517	-458,517	10,177	-448,340
Equity at 31 December	50,000	4,064	0	-3,625	203	1,308,191	1,358,833	301,955	1,660,788

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	1,286,638	0	0	492,569	1,829,207	0	1,829,207
Exchange adjustments	0	0	30,165	0	0	0	30,165	0	30,165
Extraordinary dividend paid	0	0	0	0	0	-39,750	-39,750	0	-39,750
Dissolution of previous years' revaluation	0	0	-39,422	0	0	39,422	0	0	0
Fair value adjustment of hedging instruments	0	0	-821	0	0	0	-821	0	-821
Other equity movements	0	0	-1,451	0	0	0	-1,451	0	-1,451
Net profit/loss for the year	0	0	-451,908	0	0	-6,609	-458,517	0	-458,517
Equity at 31 December	50,000	0	823,201	0	0	485,632	1,358,833	0	1,358,833

Cash Flow Statement 1 January - 31 December

Note	Group	
	2021 TDKK	2020 TDKK
Net profit/loss for the year	-448,340	302,984
Adjustments	908,676	-287,521
Change in working capital	-196,516	-26,008
Cash flows from operating activities before financial income and expenses	263,820	-10,545
Financial income	2,564	13,767
Financial expenses	-34,109	-29,091
Cash flows from ordinary activities	232,275	-25,869
Corporation tax paid	-1,942	1,498
Cash flows from operating activities	230,333	-24,371
Investment in associates	-23,492	0
Purchase of property, plant and equipment	-53,257	-15,901
Fixed asset investments made etc	-42,256	-39,824
Other fixed assets investments made etc.	0	-11,464
Sale of property, plant and equipment	94	486
Sale of associates	1,049	0
Purchase/sale of securities	-6,327	19,995
Sale of fixed asset investments etc	296,854	0
Dividends received from associates	16,337	41,788
Cash flows from investing activities	189,002	-4,920
Repayment of mortgage loans	0	-540
Reduction of lease obligations	-26,400	-56,948
Raising of mortgage loans	3,891	0
Raising of loans from credit institutions	49,547	55,339
Changes in payables to associates	39,470	0
Minority interests	-174,913	-18,603
Dividend paid	-51,471	-15,000
Cash flows from financing activities	-159,876	-35,752

Pengestrømsopgørelse 1. januar - 31. december

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		TDKK	TDKK
Change in cash and cash equivalents		259,459	-65,043
Cash and cash equivalents at 1 January		65,433	130,476
Cash and cash equivalents at 31 December		324,892	65,433
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		324,892	65,433
Cash and cash equivalents at 31 December		324,892	65,433

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
1 Revenue				
Geographical segments				
Globally	2,445,047	1,210,545	0	0
	2,445,047	1,210,545	0	0
Business segments				
Shipping - Tank	661,300	219,026	0	0
Shipping - Bulk	1,653,876	827,463	0	0
Shipping - Project	93,410	81,290	0	0
Shipping - RoRo	36,461	82,766	0	0
	2,445,047	1,210,545	0	0
2 Staff expenses				
Wages and salaries	89,814	37,234	719	1,869
Pensions	3,615	3,165	118	118
Other social security expenses	233	350	12	11
Other staff expenses	1,840	1,668	15	33
	95,502	42,417	864	2,031
Including remuneration to the Executive Board and Board of Directors	1,953	3,148	693	1,888
Average number of employees	49	50	2	2

Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	301	282	0	0
Depreciation of property, plant and equipment	30,995	37,519	0	0
Revaluations of investment properties	314	-122	0	0
Impairment of property, plant and equipment	30,864	50,145	0	0
Reversal of impairment of property, plant and equipment	-26,901	0	0	0
Gain and loss on disposal	-86	-421	0	11
	35,487	87,403	0	11
4 Special items				
Impairment of vessels	30,864	50,145	0	0
Reversal of Impairment of vessels	-26,901	0	0	0
Impairment of Associates, recognized as results from associates	0	5,816	0	0
Reversal of impairment of Associates, recognized as results from associates	-13,477	0	0	0
	-9,514	55,961	0	0
5 Income from investments in subsidiaries				
Share of results of subsidiaries			-450,877	284,521
			-450,877	284,521

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
6 Income from investments in associates				
Share of result of associates	74,719	2,365	-3,158	-164
Amortisation of goodwill/badwill	-757	443	0	0
Profit / loss on sale of investments in associates	-475	0	0	0
	73,487	2,808	-3,158	-164
7 Financial income				
Income from fixed asset investments	0	502,932	8,839	141
Interest received from group enterprises	0	0	1,711	1,191
Other financial income	2,807	6,425	1,899	2,115
Exchange adjustments	0	7,483	0	832
	2,807	516,840	12,449	4,279
8 Financial expenses				
Loss from fixed asset investments	799,936	114,894	0	114,894
Interest paid to group enterprises	0	0	3,020	2,533
Loss from sale of financial assets	106,950	0	0	0
Other financial expenses	22,914	29,093	4,820	8,545
Exchange adjustments	11,195	0	5,513	0
	940,995	143,987	13,353	125,972
9 Tax on profit/loss for the year				
Current tax for the year	3	80	-463	55
Deferred tax for the year	-1,151	-377	-4	0
Adjustment of tax concerning previous years	0	1,093	0	1,093
	-1,148	796	-467	1,148

Notes to the Financial Statements

10 Intangible assets

Group

	Goodwill TDKK
Cost at 1 January	790
Exchange adjustment	65
Cost at 31 December	<u>855</u>
Impairment losses and amortisation at 1 January	395
Exchange adjustment	16
Amortisation for the year	301
Impairment losses and amortisation at 31 December	<u>712</u>
Carrying amount at 31 December	<u>143</u>
Amortised over	<u>3 years</u>

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	36,679	106,535	867,487	1,010,701
Exchange adjustment	0	1,357	42,416	43,773
Additions for the year	9,852	28,311	14,385	52,548
Disposals for the year	0	-3,721	0	-3,721
Cost at 31 December	<u>46,531</u>	<u>132,482</u>	<u>924,288</u>	<u>1,103,301</u>
Revaluations at 1 January	<u>4,064</u>	<u>0</u>	<u>0</u>	<u>4,064</u>
Revaluations at 31 December	<u>4,064</u>	<u>0</u>	<u>0</u>	<u>4,064</u>
Impairment losses and depreciation at 1 January	1,592	21,803	363,329	386,724
Exchange adjustment	0	1,063	25,450	26,513
Impairment losses for the year	0	0	30,864	30,864
Depreciation for the year	341	1,026	29,628	30,995
Reversal of impairment and depreciation of sold assets	0	-3,527	0	-3,527
Reversal for the year of previous years' impairment losses	<u>0</u>	<u>0</u>	<u>-26,901</u>	<u>-26,901</u>
Impairment losses and depreciation at 31 December	<u>1,933</u>	<u>20,365</u>	<u>422,370</u>	<u>444,668</u>
Carrying amount at 31 December	<u>48,662</u>	<u>112,117</u>	<u>501,918</u>	<u>662,697</u>
Depreciated over	<u>20 - 50 years</u>	<u>3 - 10 years</u>	<u>2 - 25 years</u>	
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>501,918</u>	<u>501,918</u>

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	0	83,182
Additions for the year	7,231	28,311
Disposals for the year	0	-194
Cost at 31 December	<u>7,231</u>	<u>111,299</u>
Impairment losses and depreciation at 1 January	0	2,902
Depreciation for the year	0	0
Impairment losses and depreciation at 31 December	<u>0</u>	<u>2,902</u>
Carrying amount at 31 December	<u>7,231</u>	<u>108,397</u>
Depreciated over	<u>20-100 years</u>	<u>0 years</u>

Other fixtures and fittings, tools and equipment consists of artwork carried at cost with no depreciation.

Notes to the Financial Statements

12 Assets measured at fair value

	Group
	Investment pro- perties
	TDKK
Cost at 1 January	5,178
Additions for the year	709
Cost at 31 December	5,887
Value adjustments at 1 January	-99
Revaluations for the year	-314
Value adjustments at 31 December	-413
Carrying amount at 31 December	5,474

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% (2020: 4%).

Notes to the Financial Statements

	Parent Company	
	2021	2020
	TDKK	TDKK
13 Investments in subsidiaries		
Cost at 1 January	466,777	446,823
Additions for the year	0	19,954
Disposals for the year	-7,961	0
Cost at 31 December	<u>458,816</u>	<u>466,777</u>
Value adjustments at 1 January	1,250,184	998,429
Disposals for the year	-39,422	0
Exchange adjustment	30,165	-33,790
Net profit/loss for the year	-450,877	284,521
Fair value adjustment of hedging instruments for the year	0	1,024
Other equity movements	-2,272	0
Value adjustments at 31 December	<u>787,778</u>	<u>1,250,184</u>
Equity investments with negative net asset value amortised over receivables	<u>37,132</u>	<u>35,008</u>
Carrying amount at 31 December	<u>1,283,726</u>	<u>1,751,969</u>

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
14 Investments in associates				
Cost at 1 January	236,535	213,421	18,330	18,330
Exchange adjustment	15,937	-16,710	0	0
Other adjustments	0	27,998	0	0
Additions for the year	23,492	11,826	2,405	0
Disposals for the year	-68,859	0	0	0
Cost at 31 December	<u>207,105</u>	<u>236,535</u>	<u>20,735</u>	<u>18,330</u>
Value adjustments at 1 January	-58,409	-20,049	1,446	1,610
Disposals for the year	67,810	0	0	0
Exchange adjustment	-2,490	620	0	0
Net profit/loss for the year	74,719	2,365	-3,158	-164
Dividends received	-16,337	-41,788	0	0
Amortisation of goodwill/badwill	-757	443	0	0
Value adjustments at 31 December	<u>64,536</u>	<u>-58,409</u>	<u>-1,712</u>	<u>1,446</u>
Equity investments with negative net asset value amortised over receivables	<u>5,655</u>	<u>6,884</u>	<u>4</u>	<u>0</u>
Carrying amount at 31 December	<u>277,296</u>	<u>185,010</u>	<u>19,027</u>	<u>19,776</u>
Remaining positive difference included in the above carrying amount at 31 December	<u>2,820</u>	<u>2,124</u>	<u>0</u>	<u>0</u>
Remaining negative difference included in the above carrying amount at 31 December	<u>-1,485</u>	<u>-1,559</u>	<u>0</u>	<u>0</u>

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 %
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
	<u>Other investments</u>	<u>Other investments</u>
	TDKK	TDKK
Cost at 1 January	152,880	44,652
Exchange adjustment	482	0
Additions for the year	42,256	42,256
Disposals for the year	-29,086	0
Cost at 31 December	<u>166,532</u>	<u>86,908</u>
Revaluations at 1 January	1,590,554	39,711
Exchange adjustment	-330	0
Revaluations for the year	0	8,839
Reversal of revaluations on sold assets	-374,928	0
Reversals for the year of revaluations in previous years	-799,936	0
Revaluations at 31 December	<u>415,360</u>	<u>48,550</u>
Carrying amount at 31 December	<u>581,892</u>	<u>135,458</u>

16 Other receivables

Other receivables consist of loans. Hereof DKK 7,492k falls due for payment after 12 months.

17 Prepayments

Prepayments consist of prepaid expenses concerning charter, insurance premiums, etc.

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
18 Current asset investments				
Shares and bonds	51,304	44,734	51,304	44,734
	51,304	44,734	51,304	44,734

As of 31 december 2021 a unrealized gain/loss of TDKK -2,993 (2020: TDKK -182) have been recognized in the income statement.

19 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.

20 Distribution of profit

Extraordinary dividend paid	39,750	15,000	39,750	15,000
Reserve for net revaluation under the equity method	0	0	-451,908	287,178
Minority interests' share of net profit/loss of subsidiaries	10,177	146,879	0	0
Retained earnings	-498,267	141,105	-46,359	-146,073
	-448,340	302,984	-458,517	156,105

Notes to the Financial Statements

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
21 Deferred tax asset				
Deferred tax asset at 1 January	-708	-1,085	0	0
Amounts recognised in the income statement for the year	1,151	377	4	0
Deferred tax asset at 31 December	443	-708	4	0

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

22 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:

Mortgage loans

After 5 years	12,783	10,413	0	0
Between 1 and 5 years	3,455	2,243	0	0
Long-term part	16,238	12,656	0	0
Within 1 year	853	545	0	0
	17,091	13,201	0	0

Lease obligations

After 5 years	80,795	136,187	0	0
Between 1 and 5 years	188,931	161,103	0	0
Long-term part	269,726	297,290	0	0
Within 1 year	39,151	37,987	0	0
	308,877	335,277	0	0

Payables to associates

Between 1 and 5 years	39,702	0	0	0
Long-term part	39,702	0	0	0
Other short-term debt to associates	161	393	0	0
	39,863	393	0	0

Notes to the Financial Statements

22 Long-term debt (continued)

	Group		Parent Company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Other payables				
Between 1 and 5 years	0	11,682	0	0
Long-term part	0	11,682	0	0
Within 1 year	0	1,230	0	0
Other short-term payables	75,412	66,662	14,556	51,480
Short-term part	75,412	67,892	14,556	51,480
	75,412	79,574	14,556	51,480

23 Deferred income

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

24 Contingent assets, liabilities and other financial obligations

Security

The Group has provided security for mortgage debt totaling DKK 17,091k (2020: 13,202k) by way of mortgages on the Company's properties. The total carrying amount of the properties concerned is DKK 36,212k (2020: DKK 39,151k).

The Group has placed security for associated companies' debt of DKK 6,797k (2020: DKK 3,853k).
The Parent has placed security for associated companies' debt of DKK 3,100k (2020: DKK 0k).

Rental agreements and leases

The Group has entered into operating lease agreements with a total future lease payment of DKK 3,877k (2020: DKK 2,349k)

The Group's contractual obligations relating to short-term chartering of vessels total DKK 1,802,278k (2020: DKK 805,179k).

Notes to the Financial Statements

24 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 6,599k (2020: DKK 8,573k) tied to the Group's investment in associates and other investments and DKK 3,736k (2020: DKK 0k) for the Parent Company.

The Group has committed to a loan facility for investments of DKK 12,578k, the facility is currently not used. The Parent Company has committed to a loan facility for investments of 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.

At the withdrawal from the tonnage tax regime, a tax liability totaling DKK 43,304k is incumbent on the Group.

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

25 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

	Group		Parent Company	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	TDKK	TDKK	TDKK	TDKK
26 Fee to auditors appointed at the general meeting				
Audit fee to PricewaterhouseCoopers	974	775	190	100
Tax advisory services	554	503	272	173
Non-audit services	158	351	0	233
	<u>1,686</u>	<u>1,629</u>	<u>462</u>	<u>506</u>

Notes to the Financial Statements

27 Accounting Policies

The Annual Report of Weco A/S for 2021 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 2021 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

27 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

27 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

27 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

27 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.

Acquired artwork is carried at cost with no depreciation.

Notes to the Financial Statements

27 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 inter-company 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

27 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.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Notes to the Financial Statements

27 Accounting Policies (continued)

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.

Cash and cash equivalents

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

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

Notes to the Financial Statements

27 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year}}{\text{Average equity}}$