
Weco Bulk A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 2022

CVR No. 35 23 39 54

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



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weeco Bulk 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 give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations 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

Jakob Vissing

Board of Directors

Johan Ernst Wedell-Wedellsborg
Chairman

Jakob Vissing

Johnny Schmølker

Lars Kalstad Vedfelt

Oluf Myhrmann

Rasmus Lund-Jacobsen

Independent Auditor's report

To the shareholders of Weco Bulk A/S

Opinion

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

We have audited the Financial Statements of Weco Bulk 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 ("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 Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financial Statements Act.

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 30 March 2023

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 Bulk A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst Website: www.wecobulk.com CVR No: 35 23 39 54 Financial period: 1 January - 31 December Incorporated: 29 April 2013 Financial year: 10th financial year Municipality of reg. office: Hørsholm
Board of Directors	Johan Ernst Wedell-Wedellsborg, chairman Jakob Vissing Johnny Schmølker Lars Kalstad Vedfelt Oluf Myhrmann Rasmus Lund-Jacobsen
Executive board	Jakob Vissing
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Gross profit/loss	65,882	56,976	7,203	9,324	5,712
Profit/loss before financial income and expenses	58,682	49,049	4,778	6,444	3,096
Profit/loss of financial income and expenses	19,250	19,297	-201	-143	60
Net profit/loss	77,392	68,066	4,362	6,027	2,932
Balance sheet					
Balance sheet total	123,334	97,569	24,123	22,130	15,706
Equity	104,472	77,781	14,215	11,853	6,826
Number of employees	20	19	17	11	12
Ratios					
Return on assets	47.6%	50.3%	19.8%	29.1%	19.7%
Solvency ratio	84.7%	79.7%	58.9%	53.6%	43.5%
Return on equity	84.9%	148.0%	33.5%	64.5%	54.7%

For definitions of key ratios, see accounting policies.

Management's review

Key activities

The Company's main activity is to carry on chartering and shipping business with bulk carriers.

Development in the year

The income statement of the Company for 2022 shows a profit of TUSD 77,392, and at 31 December 2022 the balance sheet of the Company shows equity of TUSD 104,472.

The Company has offices and employees in Denmark, Brazil, USA & Singapore.

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

Management is very pleased with another record result, where Weco Bulk capitalized on the strong dry bulk market. We continued our strategy of dedicated freight focus in our four offices globally, and a fleet of long term TC vessels build up over the years. Results exceeded expectations expressed in the 2021 report.

Operating 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 e.g. tonnage and fuel. Management continuously assess the extent to which it is relevant to take measures against these market fluctuations.

Foreign exchange risks

Most of the income from shipping activities is in USD, with a small amount of income in EUR. With most operational expenses being in USD and administrative expenses being in USD and DKK, the company have only limited foreign exchange risk.

Targets and expectations for the year ahead

The Company's outlook for 2023 is positive, but lower than expectations for 2022. Management expects a favorable dry bulk market in 2023, but not at the same high levels as 2022. Management expects a result in the range of USD 5-10 million in 2023.

External environment

The Company is focused on a high level of quality, safety and environmental protection as an important element of the operation.

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities of the Company for the financial year for 2022 have not been affected by any unusual events.

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	2022 TUSD	2021 TUSD
Gross profit		65,882	56,976
Staff expenses	1	-7,200	-7,919
Depreciation and impairment losses of property, plant and equipment	2	0	-8
Profit/loss before financial income and expenses		58,682	49,049
Income from investments in subsidiaries		17,065	19,100
Financial income	3	2,226	224
Financial expenses	4	-41	-27
Profit/loss before tax		77,932	68,346
Tax on profit/loss for the year	5	-540	-280
Net profit/loss for the year	6	77,392	68,066

Balance sheet 31 December

Assets

	Note	2022	2021
		TUSD	TUSD
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	7	0	0
Investments in subsidiaries	8	35,430	18,711
Fixed asset investments		35,430	18,711
Fixed assets		35,430	18,711
Raw materials and consumables		5,357	3,938
Inventories		5,357	3,938
Trade receivables		8,427	4,725
Receivables from group enterprises		11,585	11,478
Other receivables	9	9,057	9,082
Prepayments	10	10,379	13,852
Receivables		39,448	39,137
Cash at bank and in hand		43,099	35,783
Current assets		87,904	78,858
Assets		123,334	97,569

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		TUSD	TUSD
Share capital	11	352	352
Reserve for net revaluation under the equity method		35,429	18,710
Reserve for loans and security		8,693	0
Retained earnings		59,998	58,719
Equity		104,472	77,781
Trade payables		4,010	3,569
Payables to group enterprises		1,170	1,903
Other payables		4,118	6,230
Deferred income	12	9,564	8,086
Short-term debt		18,862	19,788
Debt		18,862	19,788
Liabilities and equity		123,334	97,569
Contingent assets, liabilities and other financial obligations	13		
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Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for loans and security	Retained earnings	Total
	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	352	18,710	0	58,719	77,781
Extraordinary dividend paid	0	0	0	-50,355	-50,355
Fair value adjustment of hedging instruments, end of year	0	-346	0	0	-346
Additions reserve for loans and security	0	0	8,693	-8,693	0
Net profit/loss for the year	0	17,065	0	60,327	77,392
Equity at 31 December	352	35,429	8,693	59,998	104,472

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
1. Staff Expenses		
Wages and salaries	6,969	7,723
Pensions	146	146
Other social security expenses	20	13
Other staff expenses	65	37
	<u>7,200</u>	<u>7,919</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>20</u>	<u>19</u>
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	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
2. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	<u>0</u>	<u>8</u>
	<u>0</u>	<u>8</u>

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
3. Financial income		
Interest received from group enterprises	247	140
Other financial income	671	84
Exchange gains	1,308	0
	<u>2,226</u>	<u>224</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
4. Financial expenses		
Interest paid to group enterprises	22	2
Other financial expenses	19	13
Exchange loss	0	12
	<u>41</u>	<u>27</u>

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
5. Income tax expense		
Current tax for the year	540	280
	<u>540</u>	<u>280</u>

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD
6. Profit allocation		
Extraordinary dividend paid	50,355	4,500
Reserve for net revaluation under the equity method	17,065	18,710
Retained earnings	9,972	44,856
	<u>77,392</u>	<u>68,066</u>

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TUSD
Cost at 1 January	23
Cost at 31 December	23
Impairment losses and depreciation at 1 January	23
Impairment losses and depreciation at 31 December	23
Carrying amount at 31 December	0

8. Investments in subsidiaries

	2022	2021
	TUSD	TUSD
Cost at 1 January	1	1
Cost at 31 December	1	1
Value adjustments at 1 January	18,710	-390
Net profit/loss for the year	17,065	19,100
Fair value adjustment of hedging instruments for the year	-346	0
Value adjustments at 31 December	35,429	18,710
Carrying amount at 31 December	35,430	18,711

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Weco Bulk Asia Pte. Ltd.	Singapore	1.000 SGD	100%
Weco Bulk Brasil Afretamentos Marítimos Ltda.	São Paulo	0 BRL	100%

Notes to the Financial Statements

9. Other receivables

Other receivables TUSD 8.693 relate to loans to the two minority shareholders. The loans are issued in accordance with the Danish Private Companies Act's §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.

10. Prepayments

Prepayments comprise prepaid expenses concerning timechater, insurance premiums, etc.

11. Share capital

	<u>Number</u>	<u>Nominal value</u> TUSD
A-shares	1,000,000	175,861
B-shares	1,000,000	<u>175,861</u>
		<u>351,722</u>

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

12. Deferred income

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

	<u>2022</u>	<u>2021</u>
	TUSD	TUSD

13. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	46,698	54,069
Between 1 and 5 years	48,322	73,862
After 5 years	7,074	<u>0</u>
	<u>102,094</u>	<u>127,931</u>

Notes to the Financial Statements

Other contingent liabilities

As part of the ordinary shipping liner operations, the company regularly receives loading 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 increase the Company's liability.

Tax may arise in the event of withdrawal from tonnage tax scheme.

14. Related parties and disclosure of consolidated financial statements

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.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

<u>Name</u>	<u>Place of registered office</u>
Weco A/S	Hørsholm
Weco Shipping A/S	Hørsholm

15. Subsequent events

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

Notes to the Financial Statements

16. Accounting policies

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

The accounting policies applied remain unchanged from last year.

Financial Statements for 2022 are presented in TUSD. Applied US Dollar exchange rate on the 31 December 2022, DKK 697,22 (2021: DKK 656,12).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Weco Shipping A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Weco Shipping A/S, the Company has not prepared a cash flow statement.

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 the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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.

Translation policies

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.

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.

Income statement

Net sales

Revenue includes vessels freight income and time charter income. Revenue is recognised in the income statement for the financial year as earned.

Expenses for raw materials and consumables

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

Notes to the Financial Statements

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, vessel operating costs and other external expenses.

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 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 Company.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

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

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

The Company is jointly taxed with Weco A/S.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost 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 reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of 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.

The carrying amounts of 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.

Investments in subsidiaries

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

The item “Investments in subsidiaries” 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 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.

Subsidiaries with a negative net asset value are recognised at USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Financial debts

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 as well as open voyages.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$