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# *Weco Bulk A/S*

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

## Annual Report for 2023

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CVR No. 35 23 39 54

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 22/3 2024

Christian Thuesen  
Chairman of the  
general meeting



# Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Management's Statement and Auditor's Report</b> |             |
| Management's Statement                             | 1           |
| Independent Auditor's Report                       | 2           |
| <b>Management's Review</b>                         |             |
| Company information                                | 4           |
| Financial Highlights                               | 5           |
| Management's Review                                | 6           |
| <b>Financial Statements</b>                        |             |
| Income Statement 1 January - 31 December           | 11          |
| Balance sheet 31 December                          | 12          |
| Statement of changes in equity                     | 14          |
| Notes to the Financial Statements                  | 15          |

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco Bulk A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 22 March 2024

## Executive Board

Jakob Vissing  
Manager

## 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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, 22 March 2024

**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

|                           |  |
|---------------------------|--|
| <b>The Company</b>        | Weco Bulk A/S<br>Rungsted Strandvej 113<br>DK-2960 Rungsted Kyst<br><br>Website: <a href="http://www.wecobulk.com">www.wecobulk.com</a><br><br>CVR No: 35 23 39 54<br>Financial period: 1 January - 31 December<br>Incorporated: 29 April 2013<br>Financial year: 11th financial year<br>Municipality of reg. office: Hørsholm |
| <b>Board of Directors</b> | Johan Ernst Wedell-Wedellsborg, chairman<br>Jakob Vissing<br>Johnny Schmølker<br>Lars Kalstad Vedfelt<br>Oluf Myhrmann<br>Rasmus Lund-Jacobsen   |
| <b>Executive Board</b>    | Jakob Vissing  |
| <b>Auditors</b>           | PricewaterhouseCoopers<br>Statsautoriseret Revisionspartnerselskab<br>Strandvejen 44<br>DK-2900 Hellerup   |

## Financial Highlights

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

|  | 2023    | 2022    | 2021    | 2020    | 2019    |
|--|---------|---------|---------|---------|---------|
|  | TUSD    | TUSD    | TUSD    | TUSD    | TUSD    |
| <b>Key figures</b>                           |         |         |         |         |         |
| <b>Profit/loss</b>                           |         |         |         |         |         |
| Revenue                                      | 179,001 | 285,292 | 202,061 | 114,867 | 134,786 |
| Gross profit                                 | 11,320  | 65,882  | 56,976  | 7,203   | 9,324   |
| Profit/loss of primary operations            | 7,772   | 58,682  | 49,049  | 4,778   | 6,444   |
| Profit/loss of financial income and expenses | 3,120   | 19,250  | 19,297  | -201    | -143    |
| Net profit/loss for the year                 | 10,102  | 77,392  | 68,066  | 4,362   | 6,027   |
| <b>Balance sheet</b>                         |         |         |         |         |         |
| Balance sheet total                          | 92,036  | 123,334 | 97,569  | 24,123  | 22,130  |
| Equity                                       | 74,377  | 104,472 | 77,781  | 14,215  | 11,853  |
| Number of employees                          | 23      | 20      | 19      | 17      | 18      |
| <b>Ratios</b>                                |         |         |         |         |         |
| Return on assets                             | 8.4%    | 47.6%   | 50.3%   | 19.8%   | 29.1%   |
| Solvency ratio                               | 80.8%   | 84.7%   | 79.7%   | 58.9%   | 53.6%   |
| Return on equity                             | 11.3%   | 84.9%   | 148.0%  | 33.5%   | 64.5%   |

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 2023 shows a profit of TUSD 10,102, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TUSD 74,377.

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 a strong result, in a dry bulk market where the freight rates were significantly softer than 2022, yet vessel owner's expectations kept Time Charter rates relatively high. We continued our strategy of dedicated freight focus in our four offices globally, and a fleet of longterm time charter vessels built up over the years. Results were in the top of the range of expectations expressed in the 2022 report.

## Special risks - 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 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.

### Interest rate risks

There is no material interest risk as the company has no significant interest-bearing debt.

## Targets and expectations for the year ahead

The Company's outlook for 2024 is positive, but lower than expectations for 2023. Management expects some return to 'normalcy' in the dry bulk markets, compared to the boom years of 2021 and 2022, and Weco Bulk expects to deliver a healthy profit from its operation, as it did before the boom years. Management expects a result in the range of USD 3-8 million in 2024.

## Research and development

The Company is not involved in research and development activities.

## External environment

The Company 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.



# Management's review

## 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 Company has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Company's innovative skills, just as it is important to the future success of the Company 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 Company.

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 of corporate social responsibility, cf. section 99a of the Financial Statements Act

The Company is under the Danish financial statements act required to report on Corporate Social Responsibility (CSR). Weco Bulk'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 Bulk is "We are dedicated to innovative and individual shipping solutions".

The main activity within the Company is shipping and includes 8 owned and long-term chartered Bulk vessels, as well as operating about 22 short term-chartered vessels from external vessel owners as their business model. This operation is carried out from offices in Denmark, USA, Brazil and Singapore with 29 staff in total.

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

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 Bulk 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 Bulk 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 Bulk 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.

### Assessment of risks

#### *Climate change and the environment*

It is the ambition to continuously improve energy efficiency with all vessels. Consequently, The Company 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 2023, 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 Bulk 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 Company 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 2023, we have included contractual terms about responsibility of work and employment contracts in all new contracts, and we will continue this in the future. We have not identified any breaches in 2023.

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.

# Management's review

## *Anti-corruption*

Weco Bulk 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 Bulk 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 2023, we have followed the anti-corruption procedures described above and we will continue to do so in the future. We have not identified any breaches in 2023.

## *Employees*

Weco Bulk believe that personal development is key to the success and well-being of the company's employees and thereby the success of the Company itself. To attract and maintain qualified employees is critical to the Company's growth.

## *Policy regarding employees*

It is the policy to enable Weco Bulk to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments. Highly competent employees are, because of the relationship business, one of the most important resources for our success and results, hence a risk in not attracting the right employees. We seek to mitigate the risk by focusing on development and the welfare of our current employees and by being present in the business.

We are an attractive place to work where each employee finds joy and welfare physical and psychological. This is secured by a good working environment through development and involvement of the employees. Our primary source of new employees in our Company is trainees in a two year trainee program. In 2022 we hired 2 trainees, in 2023 we hired 1 trainee, and in 2024 we expect to hire 1 trainee.

## **Policies on CSR**

Referencing the above assessment and evaluation of risks related to CSR, the Company 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.

## **Statement on gender composition, cf. section 99b of the Financial Statements Act**

### *Target for the Board of WECO Bulk A/S*

In 2019 Weco Bulk A/S set a target to have 33% women on the Board of Directors by 2026. Being a company managed directly by the owners and given the development of the business, it has not been possible for Weco Bulk A/S to either add or occupy one of the five 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 2023.

The Company's' long-term ambition is to achieve a composition of the underrepresented gender at Board of Directors, reflecting the composition of gender in the total organization. On Board of Directors level we have had no changes in 2023. The executive management as well as the board are all appointed based on their specific and relevant industry knowledge and constitutes only internal leaders.

Top Managements equals Board of Directors and other management levels equals the executive board.

# Management's review

2023

## Top management

|                           |      |
|---------------------------|------|
| Total number of members   | 6    |
| Underrepresented gender % | 0%   |
| Target figure %           | 33%  |
| Year for meeting target   | 2026 |

## Other management levels

|                         |   |
|-------------------------|---|
| Total number of members | 1 |
|-------------------------|---|

### *Policy for increasing the number of women on other management levels*

As other management consists of two or fewer employees and the company has under 50 employees, the company has chosen to use the exemption clause and has not stated the proportion of the underrepresented gender as well as the target figures and policy for this, meaning other management levels.

### **Statement on data ethics, cf. section 99d of the Financial Statements Act**

Weco Bulk 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 Bulk 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 | 2023          | 2022          |
|---|------|---------------|---------------|
|   |      | TUSD          | TUSD          |
| Revenue   | 1    | 179,001       | 285,292       |
| Other operating income  |      | 273           | 543           |
| Direct expenses   |      | -166,112      | -218,343      |
| Other external expenses   |      | -1,842        | -1,610        |
| <b>Gross profit</b>   |      | <b>11,320</b> | <b>65,882</b> |
| Staff expenses  | 2    | -3,546        | -7,200        |
| Depreciation and impairment losses of property, plant and equipment | 3    | -2            | 0             |
| <b>Profit/loss before financial income and expenses</b>             |      | <b>7,772</b>  | <b>58,682</b> |
| Income from investments in subsidiaries                             |      | 1,055         | 17,065        |
| Financial income  | 4    | 2,174         | 2,226         |
| Financial expenses  | 5    | -109          | -41           |
| <b>Profit/loss before tax</b>                                       |      | <b>10,892</b> | <b>77,932</b> |
| Tax on profit/loss for the year                                     | 6    | -790          | -540          |
| <b>Net profit/loss for the year</b>                                 | 7    | <b>10,102</b> | <b>77,392</b> |

## Balance sheet 31 December

### Assets

|  | Note | 2023          | 2022           |
|--|------|---------------|----------------|
|  |      | TUSD          | TUSD           |
| Other fixtures and fittings, tools and equipment |      | 55            | 0              |
| <b>Property, plant and equipment</b>             | 8    | <b>55</b>     | <b>0</b>       |
| Investments in subsidiaries                      | 9    | 36,753        | 35,430         |
| Investments in associates                        | 10   | 7,100         | 0              |
| <b>Fixed asset investments</b>                   |      | <b>43,853</b> | <b>35,430</b>  |
| <b>Fixed assets</b>                              |      | <b>43,908</b> | <b>35,430</b>  |
| Raw materials and consumables                    |      | 6,865         | 5,357          |
| <b>Inventories</b>                               |      | <b>6,865</b>  | <b>5,357</b>   |
| Trade receivables                                |      | 2,750         | 8,427          |
| Receivables from group enterprises               |      | 379           | 11,585         |
| Other receivables                                | 11   | 1             | 9,057          |
| Prepayments                                      | 12   | 7,796         | 10,379         |
| <b>Receivables</b>                               |      | <b>10,926</b> | <b>39,448</b>  |
| <b>Cash at bank and in hand</b>                  |      | <b>30,337</b> | <b>43,099</b>  |
| <b>Current assets</b>                            |      | <b>48,128</b> | <b>87,904</b>  |
| <b>Assets</b>                                    |      | <b>92,036</b> | <b>123,334</b> |

## Balance sheet 31 December

### Liabilities and equity

|  | Note | 2023          | 2022           |
|--|------|---------------|----------------|
|  |      | TUSD          | TUSD           |
| Share capital  | 13   | 352           | 352            |
| Reserve for net revaluation under the equity method            |      | 36,752        | 35,429         |
| Reserve for loans and security                                 |      | 0             | 8,693          |
| Retained earnings  |      | 37,273        | 59,998         |
| <b>Equity</b>  |      | <u>74,377</u> | <u>104,472</u> |
| <br>   |      |               |                |
| Trade payables   |      | 2,588         | 4,010          |
| Payables to group enterprises                                  |      | 8,169         | 1,170          |
| Other payables   |      | 2,228         | 4,118          |
| Deferred income  | 14   | 4,674         | 9,564          |
| <b>Short-term debt</b>   |      | <u>17,659</u> | <u>18,862</u>  |
| <br>   |      |               |                |
| <b>Debt</b>  |      | <u>17,659</u> | <u>18,862</u>  |
| <br>   |      |               |                |
| <b>Liabilities and equity</b>                                  |      | <u>92,036</u> | <u>123,334</u> |
| <br>   |      |               |                |
| Contingent assets, liabilities and other financial obligations | 15   |               |                |
| Related parties  | 16   |               |                |
| Accounting Policies  | 17   |               |                |

## 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           | 35,429  | 8,693                          | 59,998            | 104,472       |
| Extraordinary dividend paid                               | 0             | 0   | 0                              | -40,197           | -40,197       |
| Fair value adjustment of hedging instruments, end of year | 0             | 268   | 0                              | -268              | 0             |
| Other equity movements                                    | 0             | 0   | 0                              | 384               | 384           |
| Loans and security on sale of shares of the Company       | 0             | 0   | -8,693                         | 8,693             | 0             |
| Net profit/loss for the year                              | 0             | 1,055   | 0                              | 8,663             | 9,718         |
| <b>Equity at 31 December</b>                              | <b>352</b>    | <b>36,752</b>                                       | <b>0</b>                       | <b>37,273</b>     | <b>74,377</b> |



# Notes to the Financial Statements

|   | <u>2023</u>    | <u>2022</u>    |
|---|----------------|----------------|
|   | TUSD           | TUSD           |
| <b>1. Revenue</b>   |                |                |
| <b>Geographical segments</b>  |                |                |
| Globally  | 179,001        | 285,292        |
|   | <u>179,001</u> | <u>285,292</u> |
| <b>Business segments</b>  |                |                |
| Bulk  | 179,001        | 285,292        |
|   | <u>179,001</u> | <u>285,292</u> |
|   |                |                |
|   | <u>2023</u>    | <u>2022</u>    |
|   | TUSD           | TUSD           |
| <b>2. Staff Expenses</b>  |                |                |
| Wages and salaries  | 3,254          | 6,969          |
| Pensions  | 185            | 146            |
| Other social security expenses  | 14             | 20             |
| Other staff expenses  | 93             | 65             |
|   | <u>3,546</u>   | <u>7,200</u>   |
|   |                |                |
| Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act. |                |                |
| <b>Average number of employees</b>  | <u>23</u>      | <u>20</u>      |
|   |                |                |
|   | <u>2023</u>    | <u>2022</u>    |
|   | TUSD           | TUSD           |
| <b>3. Depreciation and impairment losses of property, plant and equipment</b>   |                |                |
| Depreciation of property, plant and equipment   | 2              | 0              |
|   | <u>2</u>       | <u>0</u>       |

## Notes to the Financial Statements

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | TUSD          | TUSD          |
| <b>4. Financial income</b>                          |               |               |
| Interest received from group enterprises            | 148           | 247           |
| Other financial income                              | 1,175         | 671           |
| Exchange gains                                      | 851           | 1,308         |
|   | <u>2,174</u>  | <u>2,226</u>  |
|   |               |               |
|   | 2023          | 2022          |
|   | TUSD          | TUSD          |
| <b>5. Financial expenses</b>                        |               |               |
| Interest paid to group enterprises                  | 64            | 22            |
| Other financial expenses                            | 45            | 19            |
|   | <u>109</u>    | <u>41</u>     |
|   |               |               |
|   | 2023          | 2022          |
|   | TUSD          | TUSD          |
| <b>6. Income tax expense</b>                        |               |               |
| Current tax for the year                            | 790           | 540           |
|   | <u>790</u>    | <u>540</u>    |
|   |               |               |
|   | 2023          | 2022          |
|   | TUSD          | TUSD          |
| <b>7. Profit allocation</b>                         |               |               |
| Extraordinary dividend paid                         | 40,197        | 50,355        |
| Reserve for net revaluation under the equity method | 1,439         | 17,065        |
| Retained earnings                                   | -31,534       | 9,972         |
|   | <u>10,102</u> | <u>77,392</u> |

# Notes to the Financial Statements

## 8. Property, plant and equipment

|  | Other fixtures<br>and fittings,<br>tools and<br>equipment |
|--|---|
|  | TUSD  |
| Cost at 1. January                                 | 23  |
| Additions for the year                             | 57  |
| Cost at 31. December                               | 80  |
| Impairment losses and depreciation at 1. January   | 23  |
| Depreciation for the year                          | 2   |
| Impairment losses and depreciation at 31. December | 25  |
| <b>Carrying amount at 31. December</b>             | <b>55</b>   |

## 9. Investments in subsidiaries

|   | 2023          | 2022          |
|---|---------------|---------------|
|   | TUSD          | TUSD          |
| Cost at 1 January   | 1             | 1             |
| Cost at 31 December                                       | 1             | 1             |
| Value adjustments at 1 January                            | 35,429        | 18,710        |
| Net profit/loss for the year                              | 1,055         | 17,065        |
| Fair value adjustment of hedging instruments for the year | 268           | -346          |
| Value adjustments at 31 December                          | 36,752        | 35,429        |
| <b>Carrying amount at 31 December</b>                     | <b>36,753</b> | <b>35,430</b> |

Investments in subsidiaries are specified as follows:

| Name  | Place of<br>registered<br>office | Share capital | Ownership |
|---|----------------------------------|---------------|-----------|
| Weco Bulk Asia Pte. Ltd.                      | Singapore                        | SGD 1,000     | 100%      |
| Weco Bulk Brasil Afretamentos Marítimos Ltda. | São Paulo                        | BRL 0         | 100%      |

## Notes to the Financial Statements

|                                      | 2023  | 2022 |
|--------------------------------------|-------|------|
|                                      | TUSD  | TUSD |
| <b>10. Investments in associates</b> |       |      |
| Cost at 1 January                    | 0     | 0    |
| Additions for the year               | 7,100 | 0    |
| Cost at 31 December                  | 7,100 | 0    |
| <br>                                 |       |      |
| Carrying amount at 31 December       | 7,100 | 0    |

Investments in associates are specified as follows:

| Name            | Place of registered office | Share capital | Ownership |
|-----------------|----------------------------|---------------|-----------|
| Weco Marina Bay | Singapore                  | TUSD 14,200   | 50%       |

|                              | 2023 | 2022  |
|------------------------------|------|-------|
|                              | TUSD | TUSD  |
| <b>11. Other receivables</b> |      |       |
| Other receivables            | 1    | 9,057 |
|                              | 1    | 9,057 |

Other receivables TUSD 0 (2022 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.

## 12. Prepayments

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

## 13. Share capital

|          | Number    | Nominal value |
|----------|-----------|---------------|
|          |           | TUSD          |
| A-shares | 1,000,000 | 175,861       |
| B-shares | 1,000,000 | 175,861       |
|          |           | 351,722       |

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

# Notes to the Financial Statements

## 14. Deferred income

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

|  | 2023 | 2022 |
|--|------|------|
|  | TUSD | TUSD |

## 15. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

|                       |               |                |
|-----------------------|---------------|----------------|
| Within 1 year         | 48,992        | 46,698         |
| Between 1 and 5 years | 34,612        | 48,322         |
| After 5 years         | 0             | 7,074          |
|                       | <u>83,604</u> | <u>102,094</u> |

### 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.

## 16. 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:

| Name              | Place of registered office |
|-------------------|----------------------------|
| Weco A/S          | Hørsholm                   |
| Weco Shipping A/S | Hørsholm                   |

# Notes to the Financial Statements

## 17. Accounting policies

The Annual Report of Weco Bulk A/S for 2023 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 Financial Statements for 2023 are presented in TUSD. Applied US Dollar exchange rate on the 31 December 2023: DKK 674,47 (2022: DKK 697,22)

With reference to section 96 (3) of the Danish Financial Statements Act fee to auditor appointed at the general meeting is disclosed in the Group Annual report for Weco Shipping A/S

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 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

### Revenue

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

# Notes to the Financial Statements

## Direct expenses

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

## Other external expenses

Other external expenses comprise expenses for premises 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 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 |
|--|---------|

The fixed assets' residual values are determined at nil.

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.

## 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 timecharter, insurance premiums, etc.

## Financial liabilities

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 | $\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$ |
| Solvency ratio   | $\text{Equity at year end} \times 100 / \text{Total assets at year end}$                         |
| Return on equity | $\text{Net profit for the year} \times 100 / \text{Average equity}$                              |