
Weco Bulk A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2021

CVR No 35 23 39 54

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/3 2022

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 Weco Bulk 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 give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations 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, 30 March 2022

Executive Board

Jakob Vissing

Board of Directors

Johan 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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 Financials 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

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.

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 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 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 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
Municipality of reg. office: Hørsholm

Board of Directors

Johan 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
DK-2900 Hellerup

Financial Highlights

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

	2021 TUSD	2020 TUSD	2019 TUSD	2018 TUSD	2017 TUSD
Key figures					
Profit/loss					
Gross profit/loss	56.976	7.203	9.324	5.712	3.909
Operating profit/loss	48.668	4.664	6.303	2.849	2.063
Profit/loss before financial income and expenses	49.049	4.778	6.444	3.096	2.383
Net financials	19.297	-201	-143	60	20
Net profit/loss for the year	68.066	4.362	6.027	2.932	2.023
Balance sheet					
Balance sheet total	97.569	24.123	22.130	15.706	11.470
Equity	77.781	14.215	11.853	6.826	3.894
Number of employees	19	17	11	12	11
Ratios					
Return on assets	50,3%	19,8%	29,1%	19,7%	20,8%
Solvency ratio	79,7%	58,9%	53,6%	43,5%	33,9%
Return on equity	148,0%	33,5%	64,5%	54,7%	59,8%

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 2021 shows a profit of TUSD 68,066, and at 31 December 2021 the balance sheet of the Company shows equity of TUSD 77,781.

Weco Bulk delivered our best ever result of TUSD 68,066

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 the 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, as benefited from earnings on vessel TC contracts which were entered in earlier years at lower market levels. Results are aligned with the wording of the expectations expressed in the 2020 report, where nominal earnings guidance was not given.

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.

Targets and expectations for the year ahead

The Company's outlook for 2022 is positive, and after a brief Chinese New Year slump, the markets have regained the strength seen in second half of 2021. Management expects a favorable dry bulk market also in 2022, although not necessarily at the same high levels throughout the year. Management expects a result in the range of USD 30-60 million in 2022.

Management's Review

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 2021 of the Company and the results of the activities of the Company for the financial year for 2021 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	2021 TUSD	2020 TUSD
Gross profit/loss		56.976	7.203
Staff expenses	1	-7.919	-2.417
Depreciation, amortisation and impairment of property, plant and equipment	2	-8	-8
Profit/loss before financial income and expenses		49.049	4.778
Result from investments in subsidiaries		19.100	-216
Financial income	3	224	41
Financial expenses	4	-27	-26
Profit/loss before tax		68.346	4.577
Tax on profit/loss for the year	5	-280	-215
Net profit/loss for the year		68.066	4.362

Balance Sheet 31 December

Assets

	Note	2021 TUSD	2020 TUSD
Other fixtures and fittings, tools and equipment		0	8
Property, plant and equipment	6	0	8
Investments in subsidiaries	7	18.711	0
Fixed asset investments		18.711	0
Fixed assets		18.711	8
Inventories		3.938	3.474
Trade receivables		4.725	4.282
Receivables from group enterprises		11.478	795
Other receivables		9.082	3.295
Prepayments	8	13.852	5.730
Receivables		39.137	14.102
Cash at bank and in hand		35.783	6.539
Currents assets		78.858	24.115
Assets		97.569	24.123

Balance Sheet 31 December

Liabilities and equity

	Note	2021 TUSD	2020 TUSD
Share capital	9	352	352
Reserve for net revaluation under the equity method		18.710	0
Retained earnings		58.719	13.863
Equity		77.781	14.215
Trade payables		3.569	2.752
Payables to group enterprises		1.903	294
Other payables		6.230	1.328
Deferred income	11	8.086	5.534
Short-term debt		19.788	9.908
Debt		19.788	9.908
Liabilities and equity		97.569	24.123
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	352	0	13.863	14.215
Extraordinary dividend paid	0	0	-4.500	-4.500
Net profit/loss for the year	0	18.710	49.356	68.066
Equity at 31 December	352	18.710	58.719	77.781

Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
	TUSD	TUSD
1 Staff expenses		
Wages and salaries	7.723	2.260
Pensions	146	126
Other social security expenses	13	11
Other staff expenses	37	20
	<u>7.919</u>	<u>2.417</u>
Average number of employees	<u>19</u>	<u>17</u>
<p>Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.</p>		
2 Depreciation, amortisation and impairment of property, plant and equipment		
Depreciation of property, plant and equipment	8	8
	<u>8</u>	<u>8</u>
3 Financial income		
Interest received from group enterprises	140	37
Other financial income	84	4
	<u>224</u>	<u>41</u>
4 Financial expenses		
Interest paid to group enterprises	2	0
Other financial expenses	13	3
Exchange loss	12	23
	<u>27</u>	<u>26</u>

Notes to the Financial Statements

	2021 <u>TUSD</u>	2020 <u>TUSD</u>
5 Tax on profit/loss for the year		
Current tax for the year	280	215
	<u>280</u>	<u>215</u>
 6 Property, plant and equipment		
		Other fixtures and fittings, tools and equipment <u>TUSD</u>
Cost at 1 January		<u>23</u>
Cost at 31 December		<u>23</u>
Impairment losses and depreciation at 1 January		15
Depreciation for the year		<u>8</u>
Impairment losses and depreciation at 31 December		<u>23</u>
 Carrying amount at 31 December		<u>0</u>

Notes to the Financial Statements

	2021 TUSD	2020 TUSD
7 Investments in subsidiaries		
Cost at 1 January	1	1
Cost at 31 December	1	1
Value adjustments at 1 January	-390	-174
Net profit/loss for the year	19.100	-216
Value adjustments at 31 December	18.710	-390
Equity investments with negative net asset value amortised over receivables	0	389
Carrying amount at 31 December	18.711	0

Investments in subsidiaries are specified as follows:

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

8 Prepayments

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

Notes to the Financial Statements

9 Equity

The share capital is broken down as follow:

	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.

10 Distribution of profit

	2021 TUSD	2020 TUSD
Extraordinary dividend paid	4.500	2.000
Reserve for net revaluation under the equity method	18.710	0
Retained earnings	44.856	2.362
	68.066	4.362

11 Deferred income

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

12 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	54.069	51.293
Between 1 and 5 years	73.862	52.748
After 5 years	0	89
	127.931	104.130

Notes to the Financial Statements

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

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.

13 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.

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

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Weco Bulk A/S for 2021 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 2021 are presented in TUSD. Applied US Dollar exchange rate on the 31 December 2021, DKK 656,12 (2020: DKK 605,76).

Consolidated financial statements

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

Notes to the Financial Statements

14 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.

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.

Vessel operating costs

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.

Gross profit/loss

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Equity

Dividend

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

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.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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