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# ***Weco Shipping A/S***

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

## **Annual Report for 1 January - 31 December 2021**

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CVR No 36 95 90 96

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



# 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	5
Group Chart	6
Financial Highlights	7
Management's Review	9
<b>Consolidated and Parent Company Financial Statements</b>	
Income Statement 1 January - 31 December	14
Balance Sheet 31 December	15
Statement of Changes in Equity	17
Cash Flow Statement 1 January - 31 December	18
Notes to the Financial Statements	20

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco Shipping A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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

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

Rungsted Kyst, 30 March 2022

## Executive Board

Rasmus Lund-Jacobsen

## Board of Directors

Johan Wedell-Wedellsborg  
Chairman

Oluf Myhrmann

Rasmus Lund-Jacobsen

Jakob Vissing

Johnny Schmølker

Lars Vedfelt

# Independent Auditor's Report

To the Shareholder of Weco Shipping A/S

## **Opinion**

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Weco Shipping A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## **Basis for Opinion**

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

## **Statement on Management's Review**

Management is responsible for Management's Review.

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

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

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

# Independent Auditor's Report

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

## ***Management's responsibilities for the Financial Statements***

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

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

## ***Auditor's responsibilities for the audit of the Financial Statements***

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 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 Shipping A/S  
Rungsted Strandvej 113  
DK-2960 Rungsted Kyst

Telephone: + 45 45 17 77 77

CVR No: 36 95 90 96

Financial period: 1 January - 31 December

Municipality of reg. office: Hørsholm

### **Board of Directors**

Johan Wedell-Wedellsborg, Chairman  
Oluf Myhrmann  
Rasmus Lund-Jacobsen  
Jakob Vissing  
Johnny Schmølker  
Lars Vedfelt

### **Executive Board**

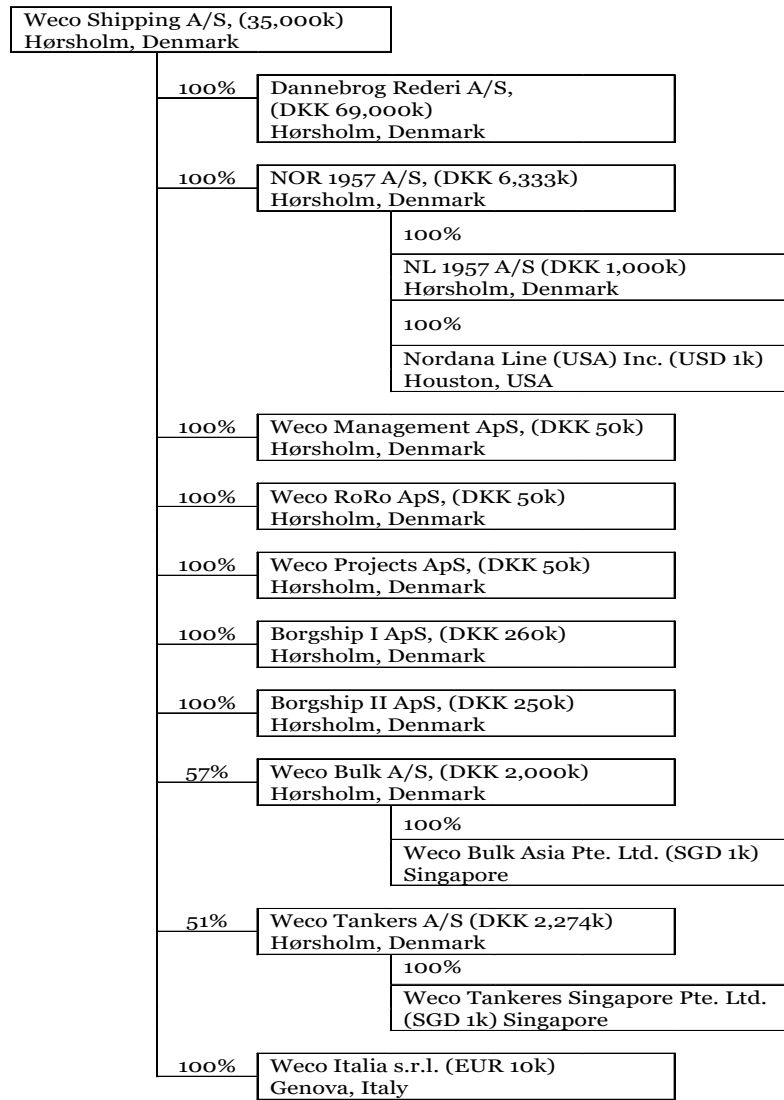
Rasmus Lund-Jacobsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Group Chart

## Consolidated Companies





## Financial Highlights

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

	<b>Group</b>				
	2021 TUSD	2020 TUSD	2019 TUSD	2018 TUSD	2017 TUSD
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	387.535	186.439	186.664	162.100	124.633
Operating profit/loss	65.259	-12.053	-57	-7.329	-15.597
Profit/loss before financial income and expenses	65.704	-11.100	2.553	-4.860	-13.760
Net financials	6.783	-1.563	-2.598	3.688	2.325
Net profit/loss for the year	72.490	-12.603	469	-1.131	-11.311
<b>Balance sheet</b>					
Balance sheet total	238.075	156.592	165.521	153.291	161.341
Equity	148.399	79.036	89.152	89.787	96.946
<b>Cash flows</b>					
Cash flows from:					
- operating activities	50.112	-13.283	0	0	0
- investing activities	-1.292	2.923	0	0	0
including investment in property, plant and equipment	-2.192	-989	0	0	0
- financing activities	-8.614	1.612	0	0	0
Change in cash and cash equivalents for the year	40.206	-8.748	0	0	0
Number of employees	47	48	45	47	83

## Financial Highlights

	Group				
	2021	2020	2019	2018	2017
	TUSD	TUSD	TUSD	TUSD	TUSD
<b>Ratios</b>					
Gross margin	22,2%	4,8%	8,4%	3,1%	3,2%
Profit margin	17,0%	-6,0%	1,4%	-3,0%	-11,0%
Return on assets	27,6%	-7,1%	1,5%	-3,2%	-8,5%
Solvency ratio	62,3%	50,5%	53,9%	58,6%	60,1%
Return on equity	63,7%	-15,0%	0,5%	-1,2%	-11,1%

The Cashflow for the comparative years 2017 - 2019 is not disclosed in the financial highlights report, as the company with reference to section 86(4) of the Danish Financial Statements Act did not prepare a cash flow statement, as it was included in the cash flow statement for the consolidated financial statements of Weco A/S.

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

# Management's Review

## ***Key activities***

The primary activity of the Group is shipping operations.

## ***Development in the year***

The income statement of the Group for 2021 shows a profit of TUSD 72,490, and at 31 December 2021 the balance sheet of the Group shows equity of TUSD 148,399.

Weco Shipping delivered our best ever result of TUSD 72.490, driven especially by a strong performance in dry bulk.

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

Management is very pleased with the strong results, with positive contributions from both Weco Bulk, Weco Tankers and owned vessels. Weco Bulk capitalized on the strong dry bulk market, from our dedicated freight focus in our four offices globally, as well as TC contracts which were entered in earlier years at lower market levels. Weco Tankers managed to turn a profit as a tanker operator, in a year which has been described by tanker owners as the worst tanker markets in a decade, and our fleet of owned Dry Bulk, Tanker, MPP and RoRo vessels delivered improved spot trading results and improved earnings from TC contracts. 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 vessels and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations, e.g. through long term contracts.

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

### ***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.

# Management's Review

## ***Interest rate risks***

The interest rate risk on floating-rate loans is limited to approximately half of the loans on the fleet, as the other vessels are financed with fixed interest rate loans.

## ***Targets and expectations for the year ahead***

Management expects strong results from owned dry bulk vessels as well as Weco Bulk in 2022, in a dry bulk market which has picked up again after Chinese new year. In Weco Tankers, management does not expect the same tail-wind from the market, and expect a market which although better than 2021, will remain volatile and impacted by global oil demand not yet having fully recovered from Covid-19. On own vessels, management expect a positive contribution from especially four MPP vessels, which have been fixed at historically high charter rates for most of 2022 with strong counterparts. Management expects a result in the range of USD 40-80 million in 2022.

## ***Research and development***

The Group is not involved in research and development activities.

## ***External environment***

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

## ***Intellectual capital resources***

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

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

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

## Management's Review

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

The mission statement of Weco Shipping is “We are dedicated to innovative and individual shipping solutions”.

The main activities within the Company contains shipping and includes 8 owned and long-term chartered Bulk, Tank, Project and RoRo vessels, as well as Weco Bulk and Weco Tanker operating about 53 short-term chartered vessels from external suppliers as their business model. This operation is carried out from offices in Denmark, USA, Brazil and Singapore with 50 staff in total.

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

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

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

### ***Assessment of risks***

#### *Climate change and the environment*

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

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

# Management's Review

## *Human rights*

The Group respects and recognizes human rights, the rights of the child and all International Labor Organization (ILO) charters. With its current business model we don't employ crew on the vessels. When selecting a supplier, it is contractually ensured that the responsibility of work and employment conditions belong to the supplier and that the ITF are granted access to check and review compliance in accordance with international agreements. In 2021, we have included contractual terms about responsibility of work and employment contracts in all new contracts, and we will continue this in the future.

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

## *Anti-corruption*

Weco Shipping has a zero tolerance towards corruption and bribery practices. Contracts with both customers and suppliers follow the standards provided by BIMCO. Port costs forwarded by chartered vessels that are to be paid by Weco Shipping undergo quality assurance and approval from an external service provider, which know all official rates in ports. Further, all costs related to voyages are approved directly by management applying a four eye principle, so the risks related to corruption and bribery are considered very low. In 2021, we have followed the anti-corruption procedures described above and we will continue to do so in the future.

## *Employees*

Weco Shipping 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.

## ***Policies on CSR***

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

## *Policy regarding employees*

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

## *Activities and results*

In 2021, annual meetings have been held with all employees where the performance of the individual was assessed and evaluated and where targets for 2021 were decided in agreement with the employee. In 2022, we will continue with annual meetings to assess and evaluate the performance of the individual employees.

## Management's Review

Weco Shipping has ensured paid health insurance for all employees and has in 2021 continued its offer for employees to be able to work from home, in the light of Covid 19 and to provide grounds for a healthy work life balance.

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

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

In 2019 Weco Shipping A/S set a target to have 40% women on the Board of Directors by 2024. Being a company managed directly by the owners and given the development of the business, it has not been possible for Weco Shipping 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 2021.

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

Weco Shipping A/S has less than 50 employees and are consequently not required to author and report upon a policy to increase the number of women on other management level.

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

Weco Shipping 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 Shipping A/S has seen no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of potentially setting such a policy in the near future.

### ***Uncertainty relating to recognition and measurement***

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

### ***Subsequent events***

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

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2021	2020	2021	2020
		TUSD	TUSD	TUSD	TUSD
<b>Revenue</b>	1	<b>387.535</b>	<b>186.439</b>	<b>0</b>	<b>0</b>
Other operating income		445	947	0	0
Vessel operating costs		-299.141	-174.946	0	0
Other external expenses		-2.654	-3.452	-23	-35
<b>Gross profit/loss</b>		<b>86.185</b>	<b>8.988</b>	<b>-23</b>	<b>-35</b>
Staff expenses	2	-14.972	-6.208	-162	-87
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-5.509	-13.886	-105	-105
Other operating expenses		0	6	0	0
<b>Profit/loss before financial income and expenses</b>	4	<b>65.704</b>	<b>-11.100</b>	<b>-290</b>	<b>-227</b>
Income from investments in subsidiaries	5	0	0	41.196	-14.630
Income from investments in associates	6	10.453	317	213	0
Financial income	7	277	1.288	1.232	1.185
Financial expenses	8	-3.947	-3.168	-182	-103
<b>Profit/loss before tax</b>		<b>72.487</b>	<b>-12.663</b>	<b>42.169</b>	<b>-13.775</b>
Tax on profit/loss for the year	9	3	60	0	0
<b>Net profit/loss for the year</b>		<b>72.490</b>	<b>-12.603</b>	<b>42.169</b>	<b>-13.775</b>



# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
Goodwill		22	66	0	0
<b>Intangible assets</b>	10	<b>22</b>	<b>66</b>	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		568	735	483	588
Vessels		76.497	83.227	0	0
<b>Property, plant and equipment</b>	11	<b>77.065</b>	<b>83.962</b>	<b>483</b>	<b>588</b>
Investments in subsidiaries	12	0	0	76.550	34.374
Investments in associates	13	33.430	23.805	1.963	0
Other investments	14	309	311	0	0
<b>Fixed asset investments</b>		<b>33.739</b>	<b>24.116</b>	<b>78.513</b>	<b>34.374</b>
<b>Fixed assets</b>		<b>110.826</b>	<b>108.144</b>	<b>78.996</b>	<b>34.962</b>
<b>Inventories</b>		<b>9.741</b>	<b>5.839</b>	<b>0</b>	<b>0</b>
Trade receivables		16.208	6.977	0	0
Receivables from group enterprises		11.167	6.888	51.617	41.749
Receivables from associates		5	0	0	0
Other receivables		9.055	5.967	0	0
Deferred tax asset	17	1	0	0	0
Prepayments	15	32.714	14.625	0	0
<b>Receivables</b>		<b>69.150</b>	<b>34.457</b>	<b>51.617</b>	<b>41.749</b>
<b>Cash at bank and in hand</b>		<b>48.358</b>	<b>8.152</b>	<b>1.823</b>	<b>38</b>
<b>Currents assets</b>		<b>127.249</b>	<b>48.448</b>	<b>53.440</b>	<b>41.787</b>
<b>Assets</b>		<b>238.075</b>	<b>156.592</b>	<b>132.436</b>	<b>76.749</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
Share capital		5.718	5.718	5.718	5.718
Reserve for hedging transactions		43	169	43	169
Retained earnings		107.768	66.609	107.768	66.609
<b>Equity attributable to shareholders of the Parent Company</b>		<b>113.529</b>	<b>72.496</b>	<b>113.529</b>	<b>72.496</b>
Minority interests		34.870	6.540	0	0
<b>Equity</b>		<b>148.399</b>	<b>79.036</b>	<b>113.529</b>	<b>72.496</b>
Provision for deferred tax	17	0	3	0	0
<b>Provisions</b>		<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
Lease obligations		41.109	49.077	0	0
Payables to associates		6.051	0	0	0
Other payables		0	1.930	0	1.929
<b>Long-term debt</b>	18	<b>47.160</b>	<b>51.007</b>	<b>0</b>	<b>1.929</b>
Lease obligations	18	5.967	6.271	0	0
Trade payables		10.832	5.657	0	0
Payables to group enterprises		0	173	18.871	2.100
Payables to associates	18	0	65	0	0
Other payables	18	9.487	3.047	36	224
Deferred income	19	16.230	11.333	0	0
<b>Short-term debt</b>		<b>42.516</b>	<b>26.546</b>	<b>18.907</b>	<b>2.324</b>
<b>Debt</b>		<b>89.676</b>	<b>77.553</b>	<b>18.907</b>	<b>4.253</b>
<b>Liabilities and equity</b>		<b>238.075</b>	<b>156.592</b>	<b>132.436</b>	<b>76.749</b>
Distribution of profit	16				
Contingent assets, liabilities and other financial obligations	20				
Related parties	21				
Fee to auditors appointed at the general meeting	22				
Accounting Policies	23				

## Statement of Changes in Equity

### Group

	Share capital	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TUSD	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	5.718	169	66.609	72.496	6.540	79.036
Cash capital increase	0	0	0	0	65	65
Cash capital reduction	0	0	0	0	-1	-1
Extraordinary dividend paid	0	0	0	0	-1.935	-1.935
Exchange adjustments relating to foreign entities	0	0	-1.010	-1.010	0	-1.010
Fair value adjustment of hedging instruments, end of year	0	-126	0	-126	-120	-246
Net profit/loss for the year	0	0	42.169	42.169	30.321	72.490
<b>Equity at 31 December</b>	<b>5.718</b>	<b>43</b>	<b>107.768</b>	<b>113.529</b>	<b>34.870</b>	<b>148.399</b>

### Parent Company

Equity at 1 January	5.718	169	66.609	72.496	0	72.496
Exchange adjustments relating to foreign entities	0	0	-1.010	-1.010	0	-1.010
Fair value adjustment of hedging instruments, end of year	0	-126	0	-126	0	-126
Net profit/loss for the year	0	0	42.169	42.169	0	42.169
<b>Equity at 31 December</b>	<b>5.718</b>	<b>43</b>	<b>107.768</b>	<b>113.529</b>	<b>0</b>	<b>113.529</b>

## Cash Flow Statement 1 January - 31 December

Note	Group	
	2021 TUSD	2020 TUSD
Net profit/loss for the year	72.490	-12.603
Adjustments	1.270	12.518
Change in working capital	-19.978	-11.532
<b>Cash flows from operating activities before financial income and expenses</b>	<b>53.782</b>	<b>-11.617</b>
Financial income	278	1.288
Financial expenses	-3.948	-3.168
<b>Cash flows from ordinary activities</b>	<b>50.112</b>	<b>-13.497</b>
Corporation tax paid	0	214
<b>Cash flows from operating activities</b>	<b>50.112</b>	<b>-13.283</b>
Investment in associates	-1.750	-4.622
Purchase of property, plant and equipment	-2.192	-989
Fixed asset investments made etc	0	-45
Sale of associates	160	0
Sale of property, plant and equipment	0	1.681
Dividends received from associates	2.490	6.898
<b>Cash flows from investing activities</b>	<b>-1.292</b>	<b>2.923</b>
Reduction of lease obligations	-8.272	-3.405
Repayment of payables to group enterprises	-4.452	0
Repayment of payables to associates	-70	-190
Raising of loans from group enterprises	0	4.819
Raising of loans from associates	6.051	65
Minority interests	64	1.183
Dividend paid	-1.935	-860
<b>Cash flows from financing activities</b>	<b>-8.614</b>	<b>1.612</b>

## Pengestrømsopgørelse 1. januar - 31. december

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		TUSD	TUSD
<b>Change in cash and cash equivalents</b>		<b>40.206</b>	<b>-8.748</b>
Cash and cash equivalents at 1 January		<u>8.152</u>	<u>16.900</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>48.358</u></b>	<b><u>8.152</u></b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>48.358</u>	<u>8.152</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>48.358</u></b>	<b><u>8.152</u></b>

# Notes to the Financial Statements

	Group		Parent Company	
	2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Globally	387.535	186.439	0	0
	<b>387.535</b>	<b>186.439</b>	<b>0</b>	<b>0</b>
<b>Business segments</b>				
Tank	104.815	33.733	0	0
Bulk	262.136	127.440	0	0
Project	14.805	12.519	0	0
RoRo	5.779	12.747	0	0
	<b>387.535</b>	<b>186.439</b>	<b>0</b>	<b>0</b>
<b>2 Staff expenses</b>				
Wages and salaries	14.086	5.449	162	87
Pensions	556	496	0	0
Other social security expenses	36	26	0	0
Other staff expenses	294	237	0	0
	<b>14.972</b>	<b>6.208</b>	<b>162</b>	<b>87</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>1.274</b>	<b>333</b>	<b>1.274</b>	<b>333</b>
<b>Average number of employees</b>	<b>47</b>	<b>48</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TUSD	TUSD	TUSD	TUSD
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	44	39	0	0
Depreciation of property, plant and equipment	4.874	5.637	105	105
Reversal of Impairment of vessels	-4.100	0	0	0
Impairment of vessels	4.704	8.278	0	0
Gain and loss on disposal	-13	-68	0	0
	<b>5.509</b>	<b>13.886</b>	<b>105</b>	<b>105</b>
<b>4 Special items</b>				
Impairment of vessels	4.704	8.278	0	0
Reversal of Impairment of vessels	-4.100	0	0	0
Impairment of Associates, recognized as results from associates	0	890	0	0
Reversal of impairment of Associates, recognized as results from associates	-2.142	0	0	0
Impairment of Subsidiaries, recognized as depreciation, Good-/Badwill in subsidiaries	0	0	0	5.718
Reversal of impairment of Subsidiaries, recognized as depreciation, Good-/Badwill in subsidiaries	0	0	-4.100	0
	<b>-1.538</b>	<b>9.168</b>	<b>-4.100</b>	<b>5.718</b>

## Notes to the Financial Statements

	<b>Parent Company</b>	
	2021 TUSD	2020 TUSD
<b>5 Income from investments in subsidiaries</b>		
Results from investments in group enterprises	37.569	-8.042
Depreciation, Good-/badwill	3.627	-6.588
	<b>41.196</b>	<b>-14.630</b>

	<b>Group</b>		<b>Parent Company</b>	
	2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
<b>6 Income from investments in associates</b>				
Results from associates	10.525	317	213	0
Loss from sale of associates	-72	0	0	0
	<b>10.453</b>	<b>317</b>	<b>213</b>	<b>0</b>
<b>7 Financial income</b>				
Interest received from group enterprises	114	186	1.157	1.138
Other financial income	163	58	71	47
Exchange gains	0	1.044	4	0
	<b>277</b>	<b>1.288</b>	<b>1.232</b>	<b>1.185</b>
<b>8 Financial expenses</b>				
Interest paid to group enterprises	0	0	125	14
Other financial expenses	2.846	3.168	57	88
Exchange adjustments, expenses	1.101	0	0	1
	<b>3.947</b>	<b>3.168</b>	<b>182</b>	<b>103</b>



## Notes to the Financial Statements

	<b>Group</b>		<b>Parent Company</b>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	TUSD	TUSD	TUSD	TUSD
<b>9 Tax on profit/loss for the year</b>				
Current tax for the year	1	2	0	0
Deferred tax for the year	-4	-62	0	0
	<u>-3</u>	<u>-60</u>	<u>0</u>	<u>0</u>

### 10 Intangible assets

#### Group

	<u>Goodwill</u>
	TUSD
Cost at 1 January	<u>130</u>
Cost at 31 December	<u>130</u>
Impairment losses and amortisation at 1 January	64
Amortisation for the year	<u>44</u>
Impairment losses and amortisation at 31 December	<u>108</u>
<b>Carrying amount at 31 December</b>	<u><b>22</b></u>
Amortised over	<u>3 years</u>

# Notes to the Financial Statements

## 11 Property, plant and equipment

### Group

	Other fixtures and fittings, tools and equipment TUSD	Vessels TUSD
Cost at 1 January	2.694	143.206
Exchange adjustment	-30	-4.527
Additions for the year	0	2.192
Disposals for the year	-537	0
Cost at 31 December	<u>2.127</u>	<u>140.871</u>
Impairment losses and depreciation at 1 January	1.959	59.979
Exchange adjustment	-26	-920
Impairment losses for the year	0	4.704
Depreciation for the year	163	4.711
Impairment and depreciation of sold assets for the year	-537	0
Reversal for the year of previous years' impairment losses	0	-4.100
Impairment losses and depreciation at 31 December	<u>1.559</u>	<u>64.374</u>
<b>Carrying amount at 31 December</b>	<b><u>568</u></b>	<b><u>76.497</u></b>
Depreciated over	<u>3-10 years</u>	<u>2-25 years</u>
Including assets under finance leases amounting to	<u>0</u>	<u>76.497</u>

# Notes to the Financial Statements

## 11 Property, plant and equipment (continued)

### Parent Company

	Other fixtures and fittings, tools and equipment
	<u>TUSD</u>
Cost at 1 January	<u>1.052</u>
Cost at 31 December	<u>1.052</u>
Impairment losses and depreciation at 1 January	464
Depreciation for the year	<u>105</u>
Impairment losses and depreciation at 31 December	<u>569</u>
<b>Carrying amount at 31 December</b>	<b><u>483</u></b>
Depreciated over	<u>3-10 years</u>

## Notes to the Financial Statements

	<b>Parent Company</b>	
	2021	2020
	TUSD	TUSD
<b>12 Investments in subsidiaries</b>		
Cost at 1 January	149.913	145.189
Additions for the year	165	4.724
Cost at 31 December	<u>150.078</u>	<u>149.913</u>
Value adjustments at 1 January	-115.729	-96.914
Exchange adjustment	-1.011	1.929
Net profit/loss for the year	37.570	-8.042
Dividend to the Parent Company	-4.465	-6.283
Amortisation of goodwill/badwill	3.626	-6.588
Other adjustments	-87	169
Value adjustments at 31 December	<u>-80.096</u>	<u>-115.729</u>
Equity investments with negative net asset value amortised over receivables	<u>6.568</u>	<u>190</u>
<b>Carrying amount at 31 December</b>	<b><u>76.550</u></b>	<b><u>34.374</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Dannebrog Rederi A/S	Hørsholm, Denmark	DKK 69,000k	100%
NOR 1957 A/S	Hørsholm, Denmark	DKK 6,333k	100%
Weco Management ApS	Hørsholm, Denmark	DKK 50k	100%
Weco Projects ApS	Hørsholm, Denmark	DKK 50k	100%
Weco RoRo ApS	Hørsholm, Denmark	DKK 50k	100%
Weco Bulk A/S	Hørsholm, Denmark	DKK 2,000k	57%
Borgship I ApS	Hørsholm, Denmark	DKK 260k	100%
Weco Italia s.r.l.	Genova, Italy	EUR 10k	100%
Weco Tankers A/S	Hørsholm, Denmark	DKK 2,274k	54%
Borgship II ApS	Hørsholm, Denmark	DKK 250k	100%

All foreign subsidiaries are recognised and measured as separate entities.

## Notes to the Financial Statements

	Group		Parent Company	
	2021	2020	2021	2020
	TUSD	TUSD	TUSD	TUSD
<b>13 Investments in associates</b>				
Cost at 1 January	31.646	27.024	0	0
Additions for the year	1.750	4.622	1.750	0
Disposals for the year	-10.495	0	0	0
Cost at 31 December	22.901	31.646	1.750	0
Value adjustments at 1 January	-7.841	-1.309	0	0
Exchange adjustment	0	49	0	0
Net profit/loss for the year	10.525	317	213	0
Dividends received	-2.490	-6.898	0	0
Reversals for the year of revaluations in previous years	10.335	0	0	0
Value adjustments at 31 December	10.529	-7.841	213	0
<b>Carrying amount at 31 December</b>	<b>33.430</b>	<b>23.805</b>	<b>1.963</b>	<b>0</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Stenwec I P/S	Hørsholm, Denmark	DKK 500k	50%
Komplementarselskabet Stenwec ApS	Hørsholm, Denmark	DKK 50k	50%
Copenhagen Commercial Platform ApS	Hørsholm, Denmark	DKK 78k	25%
Golden Weco Dry Bulk	Liberia	USD 0k	50%
Thaiden Maritime Ltd.	Thailand	USD 7,139K	49%

All foreign associates are recognised and measured as separate entities.

# Notes to the Financial Statements

## 14 Other fixed asset investments

	<b>Group</b>
	Other investments
	TUSD
Cost at 1 January	957
Cost at 31 December	957
Impairment losses at 1 January	646
Impairment losses for the year	2
Impairment losses at 31 December	648
<b>Carrying amount at 31 December</b>	<b>309</b>

## 15 Prepayments

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

	<b>Group</b>		<b>Parent Company</b>	
	2021	2020	2021	2020
	TUSD	TUSD	TUSD	TUSD
<b>16 Distribution of profit</b>				
Minority interests' share of net profit/loss of subsidiaries	30.321	1.172	0	0
Retained earnings	42.169	-13.775	42.169	-13.775
	<b>72.490</b>	<b>-12.603</b>	<b>42.169</b>	<b>-13.775</b>

## 17 Deferred tax asset

Deferred tax asset at 1 January	-3	60	0	0
Amounts recognised in the income statement for the year	4	-57	0	0
<b>Deferred tax asset at 31 December</b>	<b>1</b>	<b>-3</b>	<b>0</b>	<b>0</b>

# Notes to the Financial Statements

## 18 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
<b>Lease obligations</b>				
After 5 years	12.314	22.482	0	0
Between 1 and 5 years	28.795	26.595	0	0
Long-term part	41.109	49.077	0	0
Within 1 year	5.967	6.271	0	0
	<b>47.076</b>	<b>55.348</b>	<b>0</b>	<b>0</b>
<b>Payables to associates</b>				
Between 1 and 5 years	6.051	0	0	0
Long-term part	6.051	0	0	0
Other short-term debt to associates	0	65	0	0
	<b>6.051</b>	<b>65</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Between 1 and 5 years	0	1.930	0	1.929
Long-term part	0	1.930	0	1.929
Other short-term payables	9.487	3.047	36	224
	<b>9.487</b>	<b>4.977</b>	<b>36</b>	<b>2.153</b>

# Notes to the Financial Statements

## 19 Deferred income

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

## 20 Contingent assets, liabilities and other financial obligations

### Rental agreements and leases

The Group has entered into operating lease agreements with a total future lease payment of tUSD 591 (2020: tUSD 349)

The Group has entered into operating rental agreements with a total future rental payment of tUSD 394 (2020: tUSD 416)

### Contigent liabilities

The Group's contractual obligations relating to short-term chartering of vessels total tUSD 275,297 (2020: tUSD 132,920).

### Other contingent liabilities

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

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

At the withdrawal from the tonnage tax regime, a tax liability totalling tUSD 6,600 is incumbent on the Group.

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



# Notes to the Financial Statements

## 21 Related parties

### Basis

#### Controlling interest

Weco A/S Sole shareholder

#### 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

Name	Place of registered office
Weco A/S	Hørsholm, Denmark

## 22 Fee to auditors appointed at the general meeting

	Group		Parent Company	
	2021 TUSD	2020 TUSD	2021 TUSD	2020 TUSD
Audit fee to PricewaterhouseCoopers	95	86	20	10
Tax advisory services	43	54	7	7
Non-audit services	24	19	22	14
	<b>162</b>	<b>159</b>	<b>49</b>	<b>31</b>

# Notes to the Financial Statements

## 23 Accounting Policies

The Annual Report of Weco Shipping A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

Consolidated and Parent Company 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).

### ***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.

### ***Basis of consolidation***

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

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

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### ***Minority interests***

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

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

### ***Leases***

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

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

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

### ***Translation policies***

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

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

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

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

### *Hedge accounting*

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

### *Segment information on revenue*

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

## ***Income Statement***

### ***Revenue***

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

### ***Vessel operating costs***

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

### ***Other external expenses***

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

### ***Staff expenses***

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

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### ***Amortisation, depreciation and impairment losses***

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

### ***Other operating income and expenses***

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

### ***Income from investments in subsidiaries and associates***

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

### ***Financial income and expenses***

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

### ***Tax on profit/loss for the year***

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

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

The Group is comprised by the tonnage tax regime.

## ***Balance Sheet***

### ***Intangible assets***

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 3 years.

### ***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.

## Notes to the Financial Statements

### 23 Accounting Policies (continued)

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:

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

Depreciation period and residual value are reassessed annually.

#### ***Impairment of fixed assets***

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

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

#### ***Investments in subsidiaries and associates***

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

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

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

Subsidiaries and associates with a negative net asset value are recognised at USD 0, and any receivables from these companies are written down to the extent that the receivable is irrecoverable. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### ***Fixed asset investments***

Other investments, recognised as fixed asset investments, consist of shares that are measured at their fair value at the balance sheet date.

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### ***Inventories***

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

### ***Receivables***

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

### ***Prepayments***

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

### ***Equity***

#### ***Dividend***

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

### ***Deferred tax assets and liabilities***

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

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

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

### ***Current tax receivables and liabilities***

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

### ***Financial debts***

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

# Notes to the Financial Statements

## 23 Accounting Policies (continued)

### *Deferred income*

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

### *Cash Flow Statement*

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

#### *Cash flows from operating activities*

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

#### *Cash flows from investing activities*

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

#### *Cash flows from financing activities*

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

#### *Cash and cash equivalents*

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

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

### *Financial Highlights*

#### **Explanation of financial ratios**

Gross margin

$$\frac{\text{Gross profit}}{\text{Revenue}}$$

Profit margin

$$\frac{\text{Profit before financials}}{\text{Revenue}}$$

Return on assets

$$\frac{\text{Profit before financials}}{\text{Total assets}}$$



# Notes to the Financial Statements

## 23 Accounting Policies (continued)

Solvency ratio

$$\frac{\text{Equity at year end}}{\text{Total assets at year end}}$$

Return on equity

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