
Maersk Broker Bulk Chartering A/S

Midtermolen 1, DK-2100 Copenhagen

Annual Report for 2022

CVR No. 37 37 14 75

The Annual Report was
presented and adopted at
the Annual General
Meeting of the company
on 4/4 2023

Anne Brown Pade
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 Consolidated Financial Statements and Parent Company Financial Statements of Maersk Broker Bulk Chartering A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Copenhagen, 27 March 2023

Executive Board

Anders Hald
CEO

Board of Directors

Anne Brown Pade
Chairman

Henrik Franck

Kenneth Corydon Harritsø

Bjarne Wium-Ullerichs

Anders Boye

Anders Hald

Independent Auditor's report

To the shareholders of Maersk Broker Bulk Chartering 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 2022 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 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Maersk Broker Bulk Chartering A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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 Financial Statements Act.

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 Parent 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 Parent 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 Group's and the Parent 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 Group's and the Parent 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 Parent 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, 27 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

Kim Danstrup
State Authorised Public Accountant
mne32201

Company information

The Company	Maersk Broker Bulk Chartering A/S Midtermolen 1 DK-2100 Copenhagen CVR No: 37 37 14 75 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Anne Brown Pade, chairman Henrik Franck Kenneth Corydon Harritsø Bjarne Wium-Ullerichs Anders Boye Anders Hald
Executive board	Anders Hald
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Bankers	Danske Bank Holmens Kanal 2 1060 København K

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	226,932	224,242	109,717	129,362	104,327
Gross profit/loss	189,014	192,143	82,554	88,439	69,654
Profit/loss before financial income and expenses	67,086	59,039	1,454	-2,126	-6,587
Profit/loss of financial income and expenses	7,806	4,464	-1,117	-2,828	-2,832
Net profit/loss	57,457	53,260	-1,785	-8,813	-4,816
Balance sheet					
Balance sheet total	163,055	148,714	77,057	112,039	88,145
Equity	74,110	45,474	-8,069	-5,065	-12,215
Cash flows					
Cash flows from:					
- investing activities	3,430	-345	-153	6,516	-21,495
Number of employees	73	72	75	83	63
Ratios					
Gross margin	83.3%	85.7%	75.2%	68.4%	66.8%
Profit margin	29.6%	26.3%	1.3%	-1.6%	-6.3%

The figures from 2019 and onwards include Wonsild Dry ApS and Maersk Broker America Ltd. which were acquired on 1 January 2019.

Management's review

Key activities

Maersk Broker Bulk Chartering Group's activities has included ship broking in particular bulk chartering ship broking activities.

Development in the year

The income statement of the Group for 2022 shows a profit of TDKK 57,457, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 74,110.

Statement on gender composition

The goal of more equal gender distribution at board level is still an expressed wish. The share of the underrepresented gender on the board is currently 17%, which is why the target is not met at the moment. Work continues to achieve a balanced gender distribution before the end of 2024.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

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

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Revenue		226,932	224,242	65,499	68,915
Other external expenses		-37,918	-32,099	-10,470	-8,603
Gross profit		189,014	192,143	55,029	60,312
Staff expenses	1	-117,278	-128,053	-34,340	-45,061
Amortisation and impairment losses of intangible assets		-4,650	-5,051	-1,683	-1,368
Profit/loss before financial income and expenses		67,086	59,039	19,006	13,883
Income from investments in subsidiaries		0	0	42,925	38,294
Income from investments in associates		2,047	2,373	371	476
Financial income	2	6,064	2,968	1,851	1,301
Financial expenses	3	-305	-877	-67	-473
Profit/loss before tax		74,892	63,503	64,086	53,481
Tax on profit/loss for the year	4	-17,435	-10,243	-6,629	-221
Net profit/loss for the year	5	57,457	53,260	57,457	53,260

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Acquired other similar rights		1,230	2,784	291	697
Goodwill		0	2,599	0	1,251
Intangible assets	6	1,230	5,383	291	1,948
Other fixtures and fittings, tools and equipment		105	153	0	0
Property, plant and equipment	7	105	153	0	0
Investments in subsidiaries	8	0	0	51,850	44,199
Investments in associates	9	3,408	4,430	1,264	1,245
Deposits	10	66	0	0	0
Fixed asset investments		3,474	4,430	53,114	45,444
Fixed assets		4,809	9,966	53,405	47,392
Trade receivables		43,748	51,725	4,722	8,105
Receivables from group enterprises		0	0	117	1,207
Receivables from associates		687	600	0	0
Other receivables		2,133	2,070	697	598
Deferred tax asset	11	5,224	7,091	1,902	2,559
Corporation tax		3	3	0	0
Prepayments	12	857	491	18	103
Receivables		52,652	61,980	7,456	12,572
Cash at bank and in hand		105,594	76,768	40,540	16,505
Current assets		158,246	138,748	47,996	29,077
Assets		163,055	148,714	101,401	76,469

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Share capital		1,217	1,217	1,217	1,217
Reserve for net revaluation under the equity method		0	576	7,425	576
Retained earnings		62,893	43,681	55,468	43,681
Proposed dividend for the year		10,000	0	10,000	0
Equity		74,110	45,474	74,110	45,474
Provisions relating to investments in group enterprises		0	0	2,459	2,470
Provisions		0	0	2,459	2,470
Payables to group enterprises		6,509	6,266	0	319
Other payables		133	2,027	0	2,679
Long-term debt	13	6,642	8,293	0	2,998
Trade payables		2,711	1,233	137	204
Payables to group enterprises		17,127	14,591	5,000	4,768
Corporation tax		10,953	12,204	0	0
Payables to group enterprises relating to corporation tax		0	0	5,971	0
Other payables	13	51,512	66,919	13,724	20,555
Short-term debt		82,303	94,947	24,832	25,527
Debt		88,945	103,240	24,832	28,525
Liabilities and equity		163,055	148,714	101,401	76,469
Contingent assets, liabilities and other financial obligations	16				
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Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,217	44,257	0	45,474
Extraordinary dividend paid	0	-30,000	0	-30,000
Fair value adjustment of hedging instruments, end of year	0	278	0	278
Net profit/loss for the year	0	48,358	10,000	58,358
Equity at 31 December	1,217	62,893	10,000	74,110

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,217	576	43,681	0	45,474
Exchange adjustments	0	0	901	0	901
Extraordinary dividend paid	0	0	-30,000	0	-30,000
Fair value adjustment of hedging instruments, end of year	0	0	278	0	278
Net profit/loss for the year	0	6,849	40,608	10,000	57,457
Equity at 31 December	1,217	7,425	55,468	10,000	74,110

Cash flow statement 1 January - 31 December

	Note	Group	
		2022	2021
		TDKK	TDKK
Result of the year		57,457	53,260
Adjustments	14	14,279	8,186
Change in working capital	15	-3,654	23,812
Cash flow from operations before financial items		68,082	85,258
Financial income		-9,476	-2,968
Financial expenses		9,489	-876
Cash flows from ordinary activities		68,095	81,414
Corporation tax paid		-16,819	-355
Cash flows from operating activities		51,276	81,059
Purchase of property, plant and equipment		-22	-153
Fixed asset investments made etc		835	-192
Cash flows from investing activities, discontinued activities		2,617	0
Cash flows from investing activities		3,430	-345
Repayment of loans from credit institutions		0	-23,821
Repayment of payables to group enterprises		243	-13,471
Repayment of other long-term debt		-1,894	-1,670
Dividend paid		-30,000	0
Cash flows from financing activities		-31,651	-38,962
Change in cash and cash equivalents		23,055	41,752
Cash and cash equivalents at 1 January		76,768	29,386
Exchange adjustment of current asset investments		5,771	5,630
Cash and cash equivalents at 31 December		105,594	76,768
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		105,594	76,768
Cash and cash equivalents at 31 December		105,594	76,768

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	104,217	113,434	29,854	39,759
Pensions	4,734	4,128	1,004	1,046
Other social security expenses	716	1,322	141	145
Other staff expenses	7,611	9,169	3,341	4,111
	117,278	128,053	34,340	45,061

1. Staff Expenses

The total management remuneration paid to the Board of Directors for the Parent Company and Group amounts to DKK 3,545k (2021: DKK 3,732k) for their management function in the Company and remuneration paid to the Executive Board amounts to DKK 671k. Where remuneration is paid by other companies in the Maersk Broker Group, the amount includes part of the group management fee paid to the Maersk Broker Group.

Average number of employees	73	72	18	20
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	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Income from securities, which are fixed assets	0	20	0	0
Other financial income	318	27	223	6
Exchange gains	5,746	2,921	1,628	1,295
	6,064	2,968	1,851	1,301

2. Financial income

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

3. Financial expenses

Interest paid to group enterprises	192	645	0	291
Other financial expenses	113	232	67	182
	305	877	67	473

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
4. Income tax expense				
Current tax for the year	15,593	13,038	5,971	0
Deferred tax for the year	1,842	-2,795	658	221
	17,435	10,243	6,629	221

	Parent company	
	2022	2021
	TDKK	TDKK
5. Profit allocation		
Extraordinary dividend paid	30,000	0
Proposed dividend for the year	10,000	0
Reserve for net revaluation under the equity method	6,849	576
Retained earnings	10,608	52,684
	57,457	53,260

6. Intangible fixed assets

Group

	Acquired other similar rights	Goodwill
	TDKK	TDKK
Cost at 1 January	42,012	10,057
Exchange adjustment	420	0
Cost at 31 December	42,432	10,057
Impairment losses and amortisation at 1 January	39,228	7,458
Exchange adjustment	394	0
Amortisation for the year	1,580	2,599
Impairment losses and amortisation at 31 December	41,202	10,057
Carrying amount at 31 December	1,230	0

Notes to the Financial Statements

Parent company

	Acquired other similar rights	Goodwill
	TDKK	TDKK
Cost at 1 January	7,795	3,126
Exchange adjustment	420	0
Cost at 31 December	<u>8,215</u>	<u>3,126</u>
Impairment losses and amortisation at 1 January	7,098	1,875
Exchange adjustment	394	0
Amortisation for the year	432	1,251
Impairment losses and amortisation at 31 December	<u>7,924</u>	<u>3,126</u>
Carrying amount at 31 December	<u>291</u>	<u>0</u>

7. Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	559
Exchange adjustment	35
Additions for the year	22
Cost at 31 December	<u>616</u>
Impairment losses and depreciation at 1 January	406
Exchange adjustment	24
Depreciation for the year	81
Impairment losses and depreciation at 31 December	<u>511</u>
Carrying amount at 31 December	<u>105</u>

Notes to the Financial Statements

	Parent company	
	2022	2021
	TDKK	TDKK
8. Investments in subsidiaries		
Cost at 1 January	42,005	42,005
Cost at 31 December	42,005	42,005
Value adjustments at 1 January	-276	-23,462
Exchange adjustment	416	395
Net profit/loss for the year	45,089	41,143
Dividend to the Parent Company	-35,567	-15,503
Amortisation of goodwill	-2,276	-2,849
Value adjustments at 31 December	7,386	-276
Equity investments with negative net asset value transferred to provisions	2,459	2,470
Carrying amount at 31 December	51,850	44,199

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Maersk Broker Bulk Chartering Asia Ltd.	Hong Kong	HKD 250k	100%
Wonsild Dry ApS	Copenhagen	DKK 1.000k	100%
Maersk Broker America Inc.	USA	USD 550K	100%

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
9. Investments in associated companies				
Cost at 1 January	2,787	2,852	1,577	1,429
Exchange adjustment	156	177	0	0
Additions for the year	0	192	0	148
Disposals for the year	-2,617	-434	-352	0
Cost at 31 December	<u>326</u>	<u>2,787</u>	<u>1,225</u>	<u>1,577</u>
Value adjustments at 1 January	1,643	-827	-332	-808
Disposals for the year	0	700	0	0
Exchange adjustment	-69	-124	0	0
Net profit/loss for the year	<u>1,508</u>	<u>1,894</u>	<u>371</u>	<u>476</u>
Value adjustments at 31 December	<u>3,082</u>	<u>1,643</u>	<u>39</u>	<u>-332</u>
Carrying amount at 31 December	<u>3,408</u>	<u>4,430</u>	<u>1,264</u>	<u>1,245</u>

Investments in associates for the parent company are specified as follows:

- Maersk Broker Albis Bulk Chartering GmbH, Germany, 50%
- Maersk Broker Bulk Chartering (Thailand) Ltd., Thailand, 49%
- Wonsild A/S, Gentofte, 50%.

The Group has in 2019 and 2021 acquired a non-controlling interest in Naodan Chartering Inc (USA) and agreed to acquire remaining shares up until 2024. The subsequent acquisitions of the remaining shares will be acquired at a price equalling fair value at the acquisition time.

10. Other fixed asset investments

Group

	Deposits TDKK
Cost at 1 January	<u>66</u>
Cost at 31 December	<u>66</u>
Carrying amount at 31 December	<u>66</u>

Notes to the Financial Statements

11. Deferred tax asset

The Company's and the Group's deferred tax asset relates mainly to tax loss carryforwards in Maersk Broker Bulk Chartering A/S. Management expects to utilize the deferred tax asset in the next 1-2 years.

12. Prepayments

Prepayments in the group primarily consists of operating costs relating to the following years, including education and bonus, etc. which will be expensed in 2023.

13. 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	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Payables to group enterprises				
After 5 years	0	0	0	0
Between 1 and 5 years	6,509	6,266	0	319
Long-term part	6,509	6,266	0	319
Within 1 year	108	0	0	0
Other short-term debt to group enterprises	17,019	14,591	5,000	4,768
Short-term part	17,127	14,591	5,000	4,768
	23,636	20,857	5,000	5,087
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	133	2,027	0	2,679
Long-term part	133	2,027	0	2,679
Other short-term payables	51,512	66,919	13,724	20,555
	51,645	68,946	13,724	23,234

Notes to the Financial Statements

	Group	
	2022	2021
	TDKK	TDKK
14. Cash flow statement - Adjustments		
Financial income	-6,064	-2,968
Financial expenses	305	877
Depreciation, amortisation and impairment losses, including losses and gains on sales	4,650	5,051
Income from investments in associates	-2,047	-2,373
Tax on profit/loss for the year	17,435	10,243
Other adjustments	0	-2,644
	14,279	8,186

	Group	
	2022	2021
	TDKK	TDKK
15. Cash flow statement - Change in working capital		
Change in receivables	7,461	-23,762
Change in trade payables, etc	-11,393	47,574
Fair value adjustments of hedging instruments	278	0
	-3,654	23,812

16. Contingent assets, liabilities and other financial obligations

The Danish group companies under Maersk Broker Holding A/S are jointly and separately 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 Maersk Broker Holding A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and separately 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

17. 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. All transactions have been made on an arm's length basis.

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
Maersk Broker K/S	Midtermolen 1 2100 Copenhagen Ø

18. Subsequent events

No events materially affecting the assessment of the Annual Report and the group's financial position for 2022 have occurred after the balance sheet date.

Notes to the Financial Statements

19. Accounting policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022 are presented in TDKK.

The statutory statement of cash flow for the parent company has cf. §86 art. 4 been omitted, as this is included in the cash flow statement for the Group.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Maersk Broker Bulk Chartering 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement over its estimated useful life (up to 8 years). Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

Notes to the Financial Statements

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

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.

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 the fair value reserve 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.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff expenses comprise salaries, pensions as well as other payroll expenses.

Notes to the Financial Statements

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

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, including gains and losses on the sale of intangible assets.

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 deferred tax for the year. The tax attributable to the profit for 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 other Danish entities owned by Maersk Broker Holding A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised in the income statement over its estimated useful life as the underlying revenue is realised; however not exceeding 5-8 years.

Acquired rights are measured at the lower of cost less accumulated amortisation and impairments to recoverable amount. Acquired rights are amortised as the underlying revenue from acquired customer contracts is realised; however not exceeding 5-8 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.

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:

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

Notes to the Financial Statements

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

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 education and prepaid employee cost for future accounting periods.

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, including the tax base of tax loss carry-forwards, 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

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

$\text{Gross profit} \times 100 / \text{Revenue}$

Profit margin

$\text{Profit before financials} \times 100 / \text{Revenue}$