
Trithorn Bulk A/S

Nyhavn 47, DK-1051 København K

Annual Report for 1 January - 31 December 2022

CVR No 37 90 45 89

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

Renè Breyen-Mikkelsen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Trithorn Bulk A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements 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 Annual Report be adopted at the Annual General Meeting.

Copenhagen, 4 April 2023

Executive Board

Renè Breyen-Mikkelsen
Executive Officer

Board of Directors

Marc Lyngaae Slinger
Chairman

Peter Alexis Georg Jein

Renè Breyen-Mikkelsen

Bjarne Tvilde

Uffe Eckardt Hansen

Independent Auditor's Report

To the Shareholders of Trithorn Bulk 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 Trithorn Bulk A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, 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.

Independent Auditor's Report

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.
- 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

Independent Auditor's Report

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.

Odense, 4 April 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Line Hedam
State Authorised Public Accountant
mne27768

Claus Damhave
State Authorised Public Accountant
mne34166

Company Information

The Company

Trithorn Bulk A/S
Nyhavn 47
DK-1051 København K

CVR No: 37 90 45 89
Financial period: 1 January - 31 December
Municipality of reg. office: København

Board of Directors

Marc Lyngaae Slinger, Chairman
Peter Alexis Georg Jein
Renè Breyen-Mikkelsen
Bjarne Tvilde
Uffe Eckardt Hansen

Executive Board

Renè Breyen-Mikkelsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

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

	Group				
	2022	2021	2020	2019	2018
	USD'000	USD'000	USD'000	USD'000	USD'000
Key figures					
Profit/loss					
Revenue	269,643	254,079	179,794	193,255	171,768
Operating profit/loss	15,948	21,787	6,412	4,326	1,903
Profit/loss before financial income and expenses	15,948	21,739	6,455	4,326	1,903
Net financials	-824	342	66	-63	-42
Net profit/loss for the year	12,685	17,415	5,098	3,322	1,454
Balance sheet					
Balance sheet total	37,359	41,003	19,504	17,734	10,255
Equity	19,523	22,229	4,720	5,526	2,804
Cash flows					
Cash flows from:					
- operating activities	19,693	11,992	7,163	4,981	-691
- investing activities	0	0	0	-19	-20
- financing activities	-15,000	-2,000	-4,923	32	41
Change in cash and cash equivalents for the year	4,693	9,992	2,240	4,994	-670
Number of employees	18	16	13	11	9
Ratios					
Gross margin	7.7%	10.5%	5.4%	4.4%	2.1%
Profit margin	5.9%	8.6%	3.6%	2.2%	1.1%
Return on assets	42.7%	53.0%	33.1%	24.4%	18.6%
Solvency ratio	52.3%	54.2%	24.2%	31.2%	27.3%
Return on equity	60.8%	129.2%	99.5%	79.8%	103.7%

Management's Review

Key activities

Trithorn Bulk A/S is an international operator of modern/eco dry bulk carriers within Handysize and Supramax segments. Trithorn Bulk A/S is operating world wide but with focus on the Atlantic basin. The company is operating in the spot market as well as the contract market with a preference towards short term contracts

Development in the year

The income statement of the Group for 2022 shows a profit of USD'000 12,685, and at 31 December 2022 the balance sheet of the Group shows equity of USD'000 19,523.

2022 was another profitable year for Trithorn Bulk, which it has been since the inception in 2016. The company continues to maintain and develop its global presence through its subsidiaries and branches.

Risk management

Commercial risk

Dry bulk shipping is historically a cyclical and volatile market reacting fast to changes in - and expectations off – current and future macro-economic factors and global supply and demand for dry bulk commodities. The fluctuating time charter hire rates, voyage charter freight rates and bunker prices can have significant impact on the company's earnings potential and position volume. The physical bunker positions are hedged by using derivatives such as bunker swaps.

Trithorn Bulk manages its physical and paper portfolio in an integrated risk management system that combines both realized and unrealized position and value. This evaluates and facilitates daily commercial decision making and ensures that positions taken are based on calculated risk.

Operational risk

The company's operational risks primarily relate to the vessels operated and cargo carried. The company is insured against potential environmental accidents as well as following IMO and underwrites recommendations when it comes to risk of piracy.

Our IT platform is continuously monitored, and best practices applied for security. External recurrent backups are in place together with recover plans, which can be restored with minimum data loss and minimum operational downtime.

Currency risk

Trithorn Bulk predominantly operates with USD cash flow as freight and hire revenue are mainly in USD as well as hire and bunker cost. Foreign currency exposure is partly hedged using FX swaps especially concerning our global subsidiaries and branches.

Management's Review

Credit and Compliance risk

Credit and Compliance risk is mitigated using a mixture of credit risk agencies, compliance screening companies and counterparties fixture history and industry references.

Liquidity risks

The company continually monitors the cash balance and future cash flow and ensures that adequate liquidity is always available not only to meet current obligations but also to allow engagement in new commercial opportunities.

Outlook

Trithorn Bulk expects a profitable year with the adaptable business model in volatile market conditions. Investments in operating systems and risk management measures will continue in 2023. The result for 2023 is expected to be between USD'000 2,000-6,000.

Foreign branches

The Company has a branch in Norway, subsidiaries in Switzerland, Chile and Cyprus, and business partnerships in Greece and the USA.

Statement on corporate social responsibility according to section 99 (a) of the Danish Financial Statements Act

Human rights and labour

Trithorn Bulk is committed to running the company in a responsible manner according to local and internationally approved conventions within labour and human rights. The company is likewise committed to providing a safe and healthy work environment for all our employees. The company does not employ crew onboard vessels, but only ashore, with the current business model, so the risk for the company in terms of human rights and labour is considered limited and isolated to its global offices. The company has an ESG and code of conduct policy in place that covers human rights and labour, which is distributed to all new employees. The policy defines the company's support and respect for the protection of internationally proclaimed human rights to make sure that businesses are not complicit in human rights abuse (United Nations Universal Declaration of Human rights, 1948). It furthermore defines the company's support to uphold the freedom of association and the effective recognition of the right to collective bargaining, elimination of all forms of forced and compulsory labour, effective abolition of child labour, elimination of discrimination in respect of employment and occupation (ILO Declaration on fundamental Principles and Rights at Work and its follow-up (International Labour Conference, 18 June 1998)). There were no reports of policy non-compliance incidents in 2022. The company will continue to monitor the policy for suitability, adequacy, and effectiveness on a regular basis and educate current and new employees as needed.

Management's Review

Anti-bribery and anti-corruption

Trithorn Bulk is committed to conducting business in an ethical and honest manner and is committed to implementing and enforcing systems that ensure bribery is prevented. The company has an anti-bribery and anti-corruption policy in place that sets out the responsibilities of every Trithorn Bulk employees in regard to observing and upholding our zero-tolerance position on bribery and corruption. The policy is distributed to all new employees and the policy is monitored for suitability, adequacy, and effectiveness on a regular basis. There were no reports of policy non-compliance incidents in 2022.

The company was again TRACE certified in 2022, which is a globally recognised anti-bribery, compliance, and good governance association.

The company remains committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever in the world it operates.

Environment

Trithorn Bulk is committed to running according to local and internationally approved conventions within the environmental legislation and regulations in a responsible manner. The company takes a precautionary approach to environmental challenges through environmentally sustainable business procedures and technologies. The company's main risk, related to the environment, is the fuel consumption of the vessels where consumption optimisation is constantly being analysed to ensure minimum fuel consumption as well as low sulphur regulations are being adhered to. The company will continue its commitment to emission reduction through IMO.

The company has an ESG and code of conduct policy in place that covers environmental responsibilities, which is distributed to all new employees. The policy defines the company's support for a precautionary approach to environmental challenges to undertake initiatives promoting greater environmental responsibility to encourage the development and diffusion of environmentally friendly technologies (Agenda 21, UNCED, Rio 1992). There were no reports of policy non-compliance incidents in 2022. The company will continue to monitor the policy for suitability, adequacy, and effectiveness on a regular basis and educate current and new employees as needed.

Management's Review

Statement on gender composition according to section 99 (b) of the Danish Financial Statements Act

Trithorn Bulk is a diverse workplace with multinational and mixed gender teams currently consisting of one-third women and two-third men. To provide a healthy work environment, the company strives to eliminate any kind of discrimination and encourage varied teams both culturally, nationally and gender-wise.

The Board of directors

The company has five board members elected. At the end of 2022, there were no female board members. As and when the Board nominates new candidates, the Board will include gender as a parameter. When appointing candidates to the Board, it is however important that the members hold professional qualifications relevant to the company's activities. Finding the member with the right qualifications will always supersede gender.

There were no changes to the elected board members in 2022, but the company's ambition is to have at least one-sixth share of women in the board by 2027.

Other management levels

The company employs less than fifty employees and are therefore not required to have a gender composition policy for other management levels.

Statement on company's data ethics policy according to section 99 (d) of the Danish Financial Statements Act

Trithorn Bulk has evaluated if it is relevant to prepare a policy for data ethics. Considering that the company does not deal with personal data for commercial purpose and therefore are limited in the data collection and processing, the company has decided not to prepare a data ethics policy. However, Trithorn Bulk, is committed to uphold The General Data Protection Regulation (GDPR) and although there are no written policies for data ethics, all information from external parties and employees are treated responsibly and securely preventing unauthorized access.

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
		USD'000	USD'000	USD'000	USD'000
Revenue	1	269,643	254,079	269,643	254,079
Other operating income		0	-48	0	0
Other external expenses		-248,752	-227,354	-251,222	-228,989
Gross profit/loss		20,891	26,677	18,421	25,090
Staff expenses	2	-4,943	-4,938	-2,595	-3,444
Profit/loss before financial income and expenses		15,948	21,739	15,826	21,646
Income from investments in subsidiaries		0	0	89	47
Financial income	3	419	777	419	777
Financial expenses	4	-1,243	-435	-1,222	-398
Profit/loss before tax		15,124	22,081	15,112	22,072
Tax on profit/loss for the year	5	-2,439	-4,666	-2,427	-4,657
Net profit/loss for the year		12,685	17,415	12,685	17,415

Balance Sheet 31 December

Assets

	Note	Group		Parent company	
		2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Investments in subsidiaries	6	0	0	374	284
Fixed asset investments		0	0	374	284
Fixed assets		0	0	374	284
Inventories		1,399	3,819	1,399	3,819
Trade receivables		7,244	8,735	7,236	8,647
Receivables from group enterprises		750	585	750	614
Other receivables	12	22	120	22	145
Deferred tax asset	9	44	44	44	44
Prepayments	7	5,329	9,822	5,328	9,823
Receivables		13,389	19,306	13,380	19,273
Cash at bank and in hand		22,571	17,878	22,325	17,826
Currents assets		37,359	41,003	37,104	40,918
Assets		37,359	41,003	37,478	41,202

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Share capital		96	96	96	96
Reserve for net revaluation under the equity method		0	0	335	246
Reserve for hedging transactions		-294	92	-294	92
Retained earnings		10,721	11,041	10,386	10,795
Proposed dividend for the year		9,000	11,000	9,000	11,000
Equity		19,523	22,229	19,523	22,229
Other Provisions	10	1,115	353	1,115	353
Provisions		1,115	353	1,115	353
Other payables		0	136	0	136
Long-term debt	11	0	136	0	136
Trade payables		4,128	5,118	4,122	5,115
Payables to group enterprises		0	0	149	191
Corporation tax		0	7	0	0
Payables to group enterprises relating to corporation tax		0	0	0	25
Other payables	11,12	7,841	6,945	7,817	6,938
Deferred income	13	4,752	6,215	4,752	6,215
Short-term debt		16,721	18,285	16,840	18,484
Debt		16,721	18,421	16,840	18,620
Liabilities and equity		37,359	41,003	37,478	41,202

Balance Sheet 31 December

Liabilities and equity

	<u>Note</u>
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Contingent assets, liabilities and other financial obligations	16
Related parties	17
Fee to auditors appointed at the general meeting	18
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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Equity at 1 January	96	0	92	11,039	11,000	22,227
Exchange adjustments	0	0	0	-3	0	-3
Ordinary dividend paid	0	0	0	0	-11,000	-11,000
Extraordinary dividend paid	0	0	0	-4,000	0	-4,000
Fair value adjustment of hedging instruments, beginning of year	0	0	-118	0	0	-118
Fair value adjustment of hedging instruments, end of year	0	0	-377	0	0	-377
Tax on adjustment of hedging instruments for the year	0	0	109	0	0	109
Net profit/loss for the year	0	0	0	3,685	9,000	12,685
Equity at 31 December	96	0	-294	10,721	9,000	19,523

Parent company

Equity at 1 January	96	246	92	10,790	11,000	22,224
Ordinary dividend paid	0	0	0	0	-11,000	-11,000
Extraordinary dividend paid	0	0	0	-4,000	0	-4,000
Exchange adjustments relating to foreign entities	0	-1	0	0	0	-1
Fair value adjustment of hedging instruments, beginning of year	0	0	-118	0	0	-118
Fair value adjustment of hedging instruments, end of year	0	0	-377	0	0	-377
Tax on adjustment of hedging instruments for the year	0	0	109	0	0	109
Net profit/loss for the year	0	90	0	3,596	9,000	12,686
Equity at 31 December	96	335	-294	10,386	9,000	19,523

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 USD'000	2021 USD'000
Net profit/loss for the year		12,685	17,415
Adjustments	14	3,263	4,324
Change in working capital	15	6,901	-3,947
Cash flows from operating activities before financial income and expenses		22,849	17,792
Financial income		419	777
Financial expenses		-1,237	-434
Cash flows from ordinary activities		22,031	18,135
Corporation tax paid		-2,338	-6,143
Cash flows from operating activities		19,693	11,992
Repayment of other long-term debt		0	-2,000
Dividend paid		-15,000	0
Cash flows from financing activities		-15,000	-2,000
Change in cash and cash equivalents		4,693	9,992
Cash and cash equivalents at 1 January		17,878	7,886
Cash and cash equivalents at 31 December		22,571	17,878
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		22,571	17,878
Cash and cash equivalents at 31 December		22,571	17,878

Notes to the Financial Statements

	Group		Parent company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
1 Revenue				
Geographical segments				
Globally	269,643	254,079	269,643	254,079
	269,643	254,079	269,643	254,079
2 Staff expenses				
Wages and salaries	4,820	4,770	2,473	3,322
Pensions	81	79	81	71
Other social security expenses	34	71	34	34
Other staff expenses	8	18	7	17
	4,943	4,938	2,595	3,444
Including remuneration to the Executive Board and Board of Directors	246	264		
Average number of employees	18	16	5	5
3 Financial income				
Other financial income	191	0	191	0
Exchange gains	228	777	228	777
	419	777	419	777
4 Financial expenses				
Other financial expenses	85	124	82	120
Exchange loss	1,158	311	1,140	278
	1,243	435	1,222	398

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000
5 Tax on profit/loss for the year				
Current tax for the year	2,653	4,751	2,641	4,742
Adjustment of tax concerning previous years	-323	-59	-323	-59
	2,330	4,692	2,318	4,683
which breaks down as follows:				
Tax on profit/loss for the year	2,439	4,666	2,427	4,657
Tax on changes in equity	-109	26	-109	26
	2,330	4,692	2,318	4,683

	Parent company	
	2022	2021
	USD'000	USD'000
6 Investments in subsidiaries		
Cost at 1 January	38	38
Cost at 31 December	38	38
Value adjustments at 1 January	246	199
Exchange adjustment	-1	0
Net profit/loss for the year	91	96
Other adjustments	0	-49
Value adjustments at 31 December	336	246
Carrying amount at 31 December	374	284

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Trithorn Bulk Chile SpA	Santiago, Chile	12.961.000 CLP	100%
Trithorn Bulk Switzerland Sàrl	Bulle, Switzerland	20.000 CHF	100%
Trithorn Bulk Ltd	Larnaka, Cyprus	1.000 EUR	100%

Notes to the Financial Statements

7 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, time-charter hire.

	Parent company	
	2022	2021
	USD'000	USD'000
8 Distribution of profit		
Extraordinary dividend paid	4,000	0
Proposed dividend for the year	9,000	11,000
Reserve for net revaluation under the equity method	89	47
Retained earnings	-404	6,368
	12,685	17,415

	Group		Parent company	
	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000
9 Deferred tax asset				
Deferred tax asset at 1 January	44	44	44	44
Deferred tax asset at 31 December	44	44	44	44

Deferred tax asset consists of temporary differences between carrying amount and tax value on trade receivables.

10 Other Provisions

Provision for future loss on voyages	1,115	353	1,115	353
	1,115	353	1,115	353

Notes to the Financial Statements

11 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 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Other payables				
Between 1 and 5 years	0	136	0	136
Long-term part	0	136	0	136
Other short-term payables	7,836	6,945	7,812	6,938
	7,836	7,081	7,812	7,074

12 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	Group		Parent company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
Assets	0	118	0	118
Liabilities	377	0	377	0

Forward exchange contracts have been concluded to hedge future cost of bunker at a fixed price. At the balance sheet date, the fair value of the forward exchange contracts amounts to USD 377k.

Notes to the Financial Statements

13 Deferred income

Deferred income consists of ongoing voyages at 31. December.

14 Cash flow statement - adjustments

Financial income
Financial expenses
Tax on profit/loss for the year

Group	
2022	2021
USD'000	USD'000
-419	-777
1,243	435
2,439	4,666
3,263	4,324

15 Cash flow statement - change in working capital

Change in inventories
Change in receivables
Change in other provisions
Change in trade payables, etc
Fair value adjustments of hedging instruments

2,420	-1,774
5,916	-9,732
762	353
-1,702	7,088
-495	118
6,901	-3,947

Notes to the Financial Statements

16 Contingent assets, liabilities and other financial obligations	Group		Parent company	
	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	25,837	30,855	0	30,855
Between 1 and 5 years	0	5,298	0	5,298
	25,837	36,153	0	36,153

Other contingent liabilities

The Company has entered an agreement on lease of premises. The agreement can be terminated with 6 month notice. The total liability amounts to USD 19k, which are due within one year.

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 TriKap 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.

17 Related parties

	Basis
Controlling interest	
TriKap A/S	Ultimate Parent

Notes to the Financial Statements

17 Related parties (continued)

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.

There have been no such transactions.

Consolidated Financial Statements

The Company is included in the group report for the parent company.

Name	Place of registered office
TriKap A/S	Copenhagen

	Group		Parent company	
	2022 USD'000	2021 USD'000	2022 USD'000	2021 USD'000
18 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	20	18	20	18
Other assurance engagements	2	2	2	2
Tax advisory services	9	9	9	9
	31	29	31	29

19 Subsequent events

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

Notes to the Financial Statements

20 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in USD'000.

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, Trithorn Bulk 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

20 Accounting Policies (continued)

Leases

All 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.

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.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

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

Notes to the Financial Statements

20 Accounting Policies (continued)

as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on 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 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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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 time charter hire, bunker, premises, sales and distribution as well as office expenses, etc.

Staff expenses

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

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 badwill.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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 group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

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

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

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

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

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Notes to the Financial Statements

20 Accounting Policies (continued)

The cost of raw materials and consumables equals landed cost.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning time charter hire, insurance premiums and subscriptions.

Equity

Dividend

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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