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# ***Union Bulk A/S***

Strandvejen 171, 1., DK-2900 Hellerup

## **Annual Report for 1 July 2021 - 30 June 2022**

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CVR No 40 30 09 37

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
14/11 2022

Jens Riis Boesen  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Union Bulk A/S for the financial year 1 July 2021 - 30 June 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2022 of the Company and of the results of the Company operations for 2021/22.

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.

Hellerup, 14 November 2022

## Executive Board

Jens Riis Boesen

## Board of Directors

Rikke Birgitte Skov

Jens Riis Boesen

Anders Nis Svarrer

# Independent Auditor's Report

To the Shareholders of Union Bulk A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Union Bulk A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

# Independent Auditor's Report

ment, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

in a manner that gives a true and fair view.

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

Hellerup, 14 November 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff  
State Authorized Public Accountant  
mne30221

Martin Birch  
State Authorized Public Accountant  
mne42825

## Company Information

### **The Company**

Union Bulk A/S  
Strandvejen 171, 1.  
DK-2900 Hellerup  
Website: unionbulk.dk

CVR No: 40 30 09 37  
Financial period: 1 July - 30 June  
Incorporated: 27 February 2019  
Financial year: 3rd financial year  
Municipality of reg. office: Gentofte

### **Board of Directors**

Rikke Birgitte Skov  
Jens Riis Boesen  
Anders Nis Svarrer

### **Executive Board**

Jens Riis Boesen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>
	TUSD	TUSD	TUSD
<b>Key figures</b>			
<b>Profit/loss</b>			
Revenue	153.373	94.885	36.412
Operating profit/loss	28.844	13.146	2.138
Profit/loss before financial income and expenses	28.844	13.146	2.138
Net financials	-605	129	12
Net profit/loss for the year	26.933	12.511	2.001
<b>Balance sheet</b>			
Balance sheet total	27.068	23.692	6.281
Equity	19.778	15.345	3.501
Number of employees	8	6	4
<b>Ratios</b>			
Gross margin	20,3%	15,2%	7,7%
Profit margin	18,8%	13,9%	5,9%
Return on assets	106,6%	55,5%	34,0%
Solvency ratio	73,1%	64,8%	55,7%
Return on equity	153,4%	132,8%	114,3%

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 principal activities are shipping activities.

## Development in the year

The income statement of the Company for 2021/22 shows a profit of USD 26,932,900, and at 30 June 2022 the balance sheet of the Company shows equity of USD 19,777,903.

This is our third annual report, and the management is more than satisfied with the result, which exceeds our expectations. With more than a doubling of last year's good results, we are consolidating our ability to expand our activities within the handysize and supramax drycargo markets.

The sharp rise of freight rates across the line in spring 2021 carried into the new financial year and made it possible to capitalize on our tonnage book. Both revenue and income has been above normal for the most part of the financial year and Union Bulk A/S has been able to maintain activity at the same level as last year, measured in vessel days, despite higher market rates and increased risks.

Apart from the satisfactory financial result, our focus has been on developing our relations with our clients and tonnage providers and we are well positioned to continue our growth.

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

As already stated last year's expectations for this financial year has been surpassed.

## Use of financial instruments

The company uses derivative financial elements to hedge its freight price risks and bunker price risk. Forward Freight Agreement (FFA) is used to hedge cash flow risk from freight prices. Bunker hedge is used to hedge future bunker expenses and redelivery commitments related to timechartered vessels.

## Operating risks and financial risks

The foreign exchange risks are limited as most income and expenses from shipping are in US dollars

## Targets and expectations for the year ahead

With the increase in freight rates last year, the potential downside and risk of losses also increased. During autumn and winter 2021/22 management decided to reduce the market exposure. Since the peak of the market around end October 2021 market has dropped significantly, and we are seeing a return to more normal profit margins. Union Bulk sees this as an opportunity.

Whereas this financial year's performance has been truly exceptional, the management expectations for the next year's result are that it will also be satisfactory, albeit at a lower level. Due to the volatility of the freight markets, it is not meaningful to give estimate of result or revenue for the coming year.

# **Management's Review**

## **Research and development**

The Company is not involved in research and development activities.

## **External environment**

Next year - from January 2023 - the EEXI-regulations enters into force, reducing the carbon footprint of all vessels in the world fleet. Union Bulk welcomes this development and supports the industry's transition to more environmentally friendly maritime transportation.

Union Bulk works daily with external advisors to reduce our marine fuel consumption and emissions.

## **Intellectual capital resources**

It is important for management to attract and retain well-educated employees to ensure the company's future success.

## **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 July 2021 - 30 June 2022

	Note	2021/22 USD	2020/21 USD
<b>Revenue</b>		<b>153.372.769</b>	<b>94.884.514</b>
Vessel operating costs		-121.772.281	-80.107.915
Other external expenses		-392.253	-341.176
<b>Gross profit/loss</b>		<b>31.208.235</b>	<b>14.435.423</b>
Staff expenses	1	-2.363.738	-1.289.037
<b>Profit/loss before financial income and expenses</b>		<b>28.844.497</b>	<b>13.146.386</b>
Financial income		77.611	212.522
Financial expenses		-682.332	-83.868
<b>Profit/loss before tax</b>		<b>28.239.776</b>	<b>13.275.040</b>
Tax on profit/loss for the year	2	-1.306.876	-763.946
<b>Net profit/loss for the year</b>		<b>26.932.900</b>	<b>12.511.094</b>

## Balance Sheet 30 June 2022

### Assets

	Note	30 June 2022 USD	30 June 2021 USD
Deposits		20.163	19.549
<b>Fixed asset investments</b>	3	<b>20.163</b>	<b>19.549</b>
<b>Fixed assets</b>		<b>20.163</b>	<b>19.549</b>
<b>Inventories</b>		<b>4.867.082</b>	<b>2.507.218</b>
Trade receivables		2.797.944	2.237.428
Other receivables		1.807.228	2.824.014
Prepayments	4	2.686.157	1.713.176
<b>Receivables</b>		<b>7.291.329</b>	<b>6.774.618</b>
<b>Securities</b>		<b>1.727.567</b>	<b>0</b>
<b>Cash at bank and in hand</b>		<b>13.162.199</b>	<b>14.390.844</b>
<b>Currents assets</b>		<b>27.048.177</b>	<b>23.672.680</b>
<b>Assets</b>		<b>27.068.340</b>	<b>23.692.229</b>

## Balance Sheet 30 June 2022

### Liabilities and equity

	Note	30 June 2022 USD	30 June 2021 USD
Share capital	5	91.803	91.803
Retained earnings		12.686.100	7.253.200
Proposed dividend for the year		7.000.000	8.000.000
<b>Equity</b>		<b>19.777.903</b>	<b>15.345.003</b>
Trade payables		1.288.286	1.049.468
Corporation tax		1.223.481	755.625
Other payables		1.400.570	1.121.547
Deferred income	7	3.378.100	5.420.586
<b>Short-term debt</b>		<b>7.290.437</b>	<b>8.347.226</b>
<b>Debt</b>		<b>7.290.437</b>	<b>8.347.226</b>
<b>Liabilities and equity</b>		<b>27.068.340</b>	<b>23.692.229</b>
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## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	USD	USD	USD	USD
Equity at 1 July 2021	91.803	7.253.200	8.000.000	15.345.003
Ordinary dividend paid	0	0	-8.000.000	-8.000.000
Extraordinary dividend paid	0	-14.500.000	0	-14.500.000
Net profit/loss for the year	0	19.932.900	7.000.000	26.932.900
<b>Equity at 30 June 2022</b>	<b>91.803</b>	<b>12.686.100</b>	<b>7.000.000</b>	<b>19.777.903</b>

# Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	USD	USD
<b>1 Staff expenses</b>		
Wages and salaries	2.312.687	1.238.924
Other social security expenses	2.840	2.141
Other staff expenses	48.211	47.972
	<u>2.363.738</u>	<u>1.289.037</u>
<b>Average number of employees</b>	<u>8</u>	<u>6</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

## 2 Tax on profit/loss for the year

Current tax for the year	<u>1.306.876</u>	<u>763.946</u>
	<b>1.306.876</b>	<b>763.946</b>

## 3 Fixed asset investments

	<u>Deposits</u>
	USD
Cost at 1 July 2021	19.549
Additions for the year	<u>614</u>
Cost at 30 June 2022	<u>20.163</u>
<b>Carrying amount at 30 June 2022</b>	<b><u>20.163</u></b>

## 4 Prepayments

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

# Notes to the Financial Statements

## 5 Equity

The share capital consists of 600,000 shares of a nominal value of USD 1. No shares carry any special rights.

	<u>2021/22</u>	<u>2020/21</u>
	USD	USD
<b>6 Distribution of profit</b>		
Extraordinary dividend paid	14.500.000	0
Proposed dividend for the year	7.000.000	8.000.000
Retained earnings	<u>5.432.900</u>	<u>4.511.094</u>
	<b><u>26.932.900</u></b>	<b><u>12.511.094</u></b>

## 7 Deferred income

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

## 8 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

The companys rent obligation and lease liability 30/6 2022 amounts til USD	36.000	35.000
The company´s contractual obligations relating to chartering of vessels amounts total (short term kUSD 43.354, 2020/21 kUSD 42.778 more than 1 year kUSD 8.546 2020/21 kUSD 5.122)	51.000.000	47.900.000

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group.



# Notes to the Financial Statements

## 9 Related parties

### Consolidated Financial Statements

The Company is included in the Group Annual Report of Bradley Cairns ApS

Name	Place of registered office
Bradley Cairns ApS	Gentofte, Denmark

# Notes to the Financial Statements

## 10 Accounting Policies

The Annual Report of Union Bulk A/S for 2021/22 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 Financial Statements are presented in USD with exchange rate as 30 June 2022 USD 7,1620 (30 June 2021 - USD 625,73).

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Bradley Cairns ApS, the Company has not prepared a cash flow statement.

### Recognition and measurement

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

Assets are recognised in the balance sheet when 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.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

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

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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.

## Income Statement

### Revenue

Revenue includes freight and charter income etc., are recognized in the Income Statement, when the voyage is completed. This is considered to be the case when the voyage is completed before the end of the financial year. Ongoing voyage is recognised as the voyage are executed, then the revenue are equal to the activity in the financial year.

Revenue is recognised exclusive of VAT.

### 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 and office expenses etc.

### Staff expenses

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

### Financial income and expenses

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

### Tax on profit/loss for the year

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

The 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 Bradley Cairns ApS,

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

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

## Balance Sheet

### Fixed asset investments

Fixed asset investments consist of deposits (rents).

### Bunker

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

### Receivables

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

### Prepayments

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

### Current asset investments

Current asset investments, which consist of shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### Equity

#### *Dividend*

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

### 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.

# Notes to the Financial Statements

## 10 Accounting Policies (continued)

### 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.

## 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$