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

Strandvejen 171, 1., DK-2900 Hellerup

## **Annual Report for 1 July 2022 - 30 June 2023**

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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  
15/11 2023

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 2022 - 30 June 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

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, 15 November 2023

## 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 2023 and of the results of the Company's operations and cash flows for the financial year 1 July 2022 - 30 June 2023 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 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

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

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

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

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

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

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

## Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 15 November 2023

**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: [www.unionbulk.dk](http://www.unionbulk.dk)

CVR No: 40 30 09 37  
Financial period: 1 July - 30 June  
Incorporated: 27 February 2019  
Financial year: 4th 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 four-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20
	TUSD	TUSD	TUSD	TUSD
<b>Key figures</b>				
<b>Profit/loss</b>				
Revenue	118,724	153,373	94,885	36,412
Gross profit/loss	4,422	31,208	14,435	2,820
Profit/loss before financial income and expenses	2,633	28,844	13,146	2,138
Net financials	772	-605	129	12
Net profit/loss for the year	3,033	26,933	12,511	2,001
<b>Balance sheet</b>				
Balance sheet total	22,964	27,068	23,692	6,281
Equity	15,811	19,778	15,345	3,501
<b>Cash flows</b>				
Cash flows from:				
- operating activities	2,235	23,272	0	0
- investing activities	-21	-2,001	0	0
- financing activities	-7,000	-22,500	0	0
Change in cash and cash equivalents for the year	-4,786	-1,229	0	0
Number of employees	9	8	6	4
<b>Ratios</b>				
Gross margin	3.7%	20.3%	15.2%	7.7%
Profit margin	2.2%	18.8%	13.9%	5.9%
Return on assets	11.5%	106.6%	55.5%	34.0%
Solvency ratio	68.9%	73.1%	64.8%	55.7%
Return on equity	17.0%	153.4%	132.8%	114.3%

The Cash flow for the comparative years 2019/20 - 2020/21 is not disclosed in the financial highlights report, as the company with reference to section 86(4) of the Danish Financial Statements Act did not prepare a cash flow statement, as it was included in the cash flow statement for the consolidated financial statements of Bradley Cairns ApS.

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 2022/23 shows a profit of USD 3,032,628, and at 30 June 2023 the balance sheet of the Company shows equity of USD 15,810,531.

This is our fourth annual report, and the management is satisfied with the result. After the very high freight market in 2021/2022 we took a very conservative approach to our exposure, and we have managed the transition into a much more modest freight market without incurring significant losses on our period fleet during this shift in the freight market. The result meets expectations, and further consolidates Union Bulk's financial strength and ability to roll out our ambitions for the company.

As a direct result of our expanded activities and as a response to the need to balance the fleet between the Atlantic and the Pacific basin, Union Bulk opened a branch office in Singapore in February 2023. Hence the company now has offices and employees in both Denmark and Singapore.

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

As predicted in last year's report, it has been a challenging year. The Baltic Handysize Index fell during the financial year from market levels around USD 23.000 per day 1st July 2022 to levels around USD 8.000 per day 30th June 2023. (fig. 1).



# Management's Review

## 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

### *Market risks*

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of e.g. tonnage and fuel. Management continuously assesses the extent to which it is relevant to take measures against these market fluctuations.

### *Foreign exchange risks*

Most of the income from shipping activities is in USD, with a small amount of income in EUR. With most operational expenses being in USD and administrative expenses being in USD and DKK, the company have only limited foreign exchange risk.

## Targets and expectations for the year ahead

As stated above under follow-up from last year, the new financial year 2023/2024 has started at a low freight market. We see the next financial year as another transitional year, where we will build the foundation for a coming surge in market, albeit no one knows when this will materialize. We expect a positive result in the same size as the present financial report or slightly lower.

## Research and development

The Company is not involved in research and development activities.

## External environment

This year - from January 2023 - the EEXI-regulations entered 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.

We are fully prepared to accommodate the EU ETS (emission trading system) entering into force from January 2024.

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

# Management's Review

## **Intellectual capital resources**

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

## **Statement of corporate social responsibility**

According to the Annual Accounts Act, the group is obliged to report on Corporate Social Responsibility (CSR). The company's values and approach to doing business are based on responsibility and the company complies with all legal requirements in the areas of climate change, environment, human rights, employee relations and anti-corruption.

The group participates fundamentally through its primary activity - maritime transport of grain, fertilizer and raw materials - in the larger global task of transporting food to parts of the world that cannot produce themselves. To transport fertilizers so that new foods can be produced and to transport raw materials, so important goods can be produced where it is cheapest and most efficient. All of which contribute to an improvement of people's lives and living standards, and overall contributes to improvement and growth in the global economy.

The Group recognizes the importance of addressing challenges in climate change, environment, human rights, employee relations and anti-corruption. This is, among other things, done through an adaptable management approach and it is possible for everyone in the organization to address top management directly with questions and, if necessary, approval of decisions. It is noted that maritime transport still is the most environmentally friendly form of transport available, measured in CO<sub>2</sub> per ton/mile, while it is recognized that improvements still need to be made.

In the group, it will be continuously evaluated from now on whether there is a need for more formalized policies, where this is not available, like the formalized policies, will be updated in the future to reflect contemporary conditions.

## ***Policy on the environment and climate***

The Group fully supports the goal of minimizing environmental damage and will comply with all relevant legislation and regulation. The ambition is to continually improve energy efficiency and fuel consumption for all ships. The energy efficiency and fuel consumption at different speeds are always queried when ships are chartered in from the shipowners, so that the individual voyages can be continuously optimized.

In 2022/23, we have included contractual terms on compliance with bunker regulations regarding low sulfur content in all new contracts, and the group will continue to do so in the future.

As an operating company that charters ships from shipowners to operate them commercially, we do not have direct influence on which measures are implemented on the individual ship to improve its environmental impact.

## Management's Review

Bunker consumption is the area where the group can influence environmental conditions the most.

We support the efforts for the green transition within shipping, and we follow regulation and development closely. The management does not see the large amount of new and upcoming regulation in the environmental area - e.g., the new CII and EEXI regulations - as a risk, as we can continuously replace in the fleet, so that we can always comply with all international regulations.

The group respects and recognizes human rights, the rights of the child and all international labor (ILO) charters. The group is not responsible for the employment of sailors on the ships. It is the shipowners who ensure and are responsible for working and employment conditions and that the conditions are in accordance with international agreements. However, to counter any risk that international standards of employment and safety are not met, we have contractual clauses with our ship owning counterparts, to have them guarantee high standards. If the group's management becomes aware of any violation of this on the ships, they react quickly to have any illegal conditions rectified.

### ***Policy on human rights***

The Group supports and respects the protection of human rights defined by the UN "Universal Declaration on Human Rights". Employees must not violate human rights principles, either directly or indirectly. The group has always included in our contracts that all sailors on board chartered ships must be organized in the ITF (International Transport Workers Federation) or similarly recognized trade unions that ensure proper working conditions on board the ships. Also in financial year 2022/23, the group has included contract terms regarding responsibility for work and employment relationship in all new contracts, and the company will continue to do so in the future.

No employee in the group must participate in corruption and/or bribery, either directly or through use of intermediaries. Contracts with customers and suppliers follow approved standards. All costs paid by the company undergo quality assurance and are internally approved. In addition, all costs associated with travel are approved directly by management using a "four eyes" principle, so the risks of corruption and bribery are considered very low.

## **Management's Review**

### ***Anti-corruption policy***

The group operates without using bribes or other forms of corruption, and our employees must neither accept nor offer any form of bribe either directly or indirectly. In the financial year 2022/23, the group has followed the anti-corruption procedures described above, and the group will continue to do so in the future.

Bribery is offering, giving, or receiving something of value (money or gifts) for the purpose of the giver gains undue influence on the recipient's decisions or behaviour.

Exchanging gifts is usually considered a way to build goodwill and show appreciation among those companies we do business with, but if the exchange of gifts becomes frequent or extravagant, it indicates however, on inappropriate behavior. The individual employee must ensure that he/she does not act for his/her own benefit and contrary to the company's interests and must follow the applicable laws and provisions as well as using common sense and logic. If an employee suspects that there is bribery or attempted bribery going on, he/she must contact management. All inquiries will be treated confidentially.

The group is obliged to comply with all legislative requirements and the group works against all forms of corruption. Like previous financial years, the group's management and employees have not in the financial year obtained profit through bribery or participated in corruption. The group's management and employees are not expected to gain advantage and/or profit in the future by bribing business partners or by participation in corruption.

Like previous financial years, the group's management and employees have not in the financial year obtained profit through bribery or participated in corruption

### ***Policy regarding employees***

For the staff in the group, meetings were held with all employees in the financial year 2022/2023, where the individual's performance is assessed and evaluated, and where targets for 2023/24 were decided upon agreement with the employee. In 2023/24, the group will continue to hold meetings to assess and evaluate individual performance.

#### **A Review of Our Annual Employee Discussions - Effort and Results:**

Our annual employee discussions are an important time for reflection and future planning. These discussions provide us with a unique opportunity to take a closer look at individual efforts and the results achieved in our organization. Here are some highlights and insights from these discussions:

## Management's Review

**Personal Growth and Development:** All employees are given an opportunity for growth both in their professional skills and personal competence. This is a result of their dedication and our continuous focus on learning and development.

**Goal Setting and Achievement:** Our discussions focus on the goals each employee sets for the year. We are impressed with how many have reached, and in some cases, exceeded these goals. This not only shows their commitment but also their ability to adapt and overcome challenges.

**Teamwork and Collaboration:** Another important topic we address is the importance of teamwork and collaboration. We observed several examples of successful team projects, where collective effort and collaboration led to great results.

**Feedback and Areas for Improvement:** The discussions also provide valuable feedback to both the management and the employees. We recognize areas that need improvement and see this as an opportunity to grow and develop further as a united entity.

**Future Plans and Ambitions:** Towards the end of each discussion, we talk about future goals and ambitions. This has helped us create a clearer path forward for each team member, and for the organization as a whole.

Overall, the employee discussions provides us with valuable insights and strengthened our understanding of how each individual contributes to our collective success. We look forward to building on this effort and continuing our growth together.

It is our policy to enable the group to attract, retain and develop the best possible employees. That is employees who are highly qualified and motivated to navigate the company in a complex and uncertain geopolitical environment and ongoing technological and regulatory development at the same time as they balance the company's financial interests with the need for climate and social responsibility.

The group's ability to attract and retain the right employees is strengthened through delegation of responsibility and through meeting today's increased demands for flexibility in terms of working hours and opportunities to influence the company's values and operations. In the financial year 2022/23, the group has offered its employees' health insurance via pension agreement and will in the financial year 2023/24 continue to offer its employees to work from home within certain restrictions, that also balance the company's interests to enhance the synergy and team spirit obtained through working together in an office environment.

As a small/intermediate size company, Union Bulk is exposed to the risk of key employees leaving, combined with the difficulties and lead time connected with recruiting new specialized staff. We therefore take a great deal of effort to ensure an attractive work environment.

## **Management's Review**

We have taken action in several ways on an individual level to accommodate employee's needs in specific situations. Without being too detailed this could e.g. be in situations regarding stress, need to tailor work-life balance with working spouses, and/or in life crisis situations. The need to take care of our employees and to be empathetic to their situations needs to be paired with a constant need to nurture a high performing work culture and uphold high work ethics. Management strives to address lack of performance with individuals at an early stage to give our colleagues a fair chance to rectify their effort, leading to higher job satisfaction for both employer and employees.

### **Statement on gender composition**

The company's board consists of 3 members, 33% women and 67% men, which is considered equal gender representation according to the Danish Business Authority.

The group employs less than 50 employees, and there is therefore no requirement to develop a policy for the underrepresented sex. The group also does not consist of any subsidiaries that are subordinated Section 99, letter b of the Annual Accounts Act.

### **Data ethics in accordance with 99 (d) of the Danish Financial Statements Act.**

The group complies with the Danish GDPR legislation regarding employees and personal data. Considering our business model and activities, all data is considered business critical and will as such never be shared with or in any way made available to third parties. Consequently, Group management has not seen any immediate need to approve a policy on data ethics but will follow the subject closely with a view to potentially establishing such a policy later.

### **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 2022 - 30 June 2023

	Note	2022/23 USD	2021/22 USD
<b>Revenue</b>	1	<b>118,724,316</b>	<b>153,372,769</b>
Vessel operating costs		-113,670,827	-121,772,281
Other external expenses		-631,417	-392,253
<b>Gross profit/loss</b>		<b>4,422,072</b>	<b>31,208,235</b>
Staff expenses	2	-1,789,526	-2,363,738
<b>Profit/loss before financial income and expenses</b>		<b>2,632,546</b>	<b>28,844,497</b>
Financial income		776,386	77,611
Financial expenses		-3,924	-682,332
<b>Profit/loss before tax</b>		<b>3,405,008</b>	<b>28,239,776</b>
Tax on profit/loss for the year	3	-372,380	-1,306,876
<b>Net profit/loss for the year</b>		<b>3,032,628</b>	<b>26,932,900</b>



## Balance Sheet 30 June 2023

### Assets

	Note	30 June 2023 USD	30 June 2022 USD
Deposits		41,099	20,163
<b>Fixed asset investments</b>	4	<b>41,099</b>	<b>20,163</b>
<b>Fixed assets</b>		<b>41,099</b>	<b>20,163</b>
<b>Inventories</b>		<b>4,664,664</b>	<b>4,867,082</b>
Trade receivables		3,030,441	2,797,944
Other receivables		2,636,087	1,807,228
Prepayments	5	2,106,142	2,686,157
<b>Receivables</b>		<b>7,772,670</b>	<b>7,291,329</b>
<b>Current asset investments</b>	6	<b>2,108,923</b>	<b>1,727,567</b>
<b>Cash at bank and in hand</b>		<b>8,376,201</b>	<b>13,162,199</b>
<b>Currents assets</b>		<b>22,922,458</b>	<b>27,048,177</b>
<b>Assets</b>		<b>22,963,557</b>	<b>27,068,340</b>

## Balance Sheet 30 June 2023

### Liabilities and equity

	Note	30 June 2023 USD	30 June 2022 USD
Share capital	7	91,803	91,803
Retained earnings		15,718,728	12,686,100
Proposed dividend for the year		0	7,000,000
<b>Equity</b>		<b>15,810,531</b>	<b>19,777,903</b>
Trade payables		1,594,055	1,288,286
Payables to group enterprises relating to corporation tax		371,927	1,223,481
Other payables	9	1,287,982	1,400,570
Deferred income	10	3,899,062	3,378,100
<b>Short-term debt</b>		<b>7,153,026</b>	<b>7,290,437</b>
<b>Debt</b>		<b>7,153,026</b>	<b>7,290,437</b>
<b>Liabilities and equity</b>		<b>22,963,557</b>	<b>27,068,340</b>
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Fee to auditors appointed at the general meeting	13		
Accounting Policies	14		

## Statement of Changes in Equity

	Share capital USD	Retained earnings USD	Proposed dividend for the year USD	Total USD
Equity at 1 July 2022	91,803	12,686,100	7,000,000	19,777,903
Ordinary dividend paid	0	0	-7,000,000	-7,000,000
Net profit/loss for the year	0	3,032,628	0	3,032,628
<b>Equity at 30 June 2023</b>	<b>91,803</b>	<b>15,718,728</b>	<b>0</b>	<b>15,810,531</b>

# Cash Flow Statement

## 1 July 2022 - 30 June 2023

	Note	2022/23 USD	2021/22 USD
Net profit/loss for the year		3,032,628	26,932,900
Adjustments		-400,535	1,911,597
Change in working capital		434,767	-4,401,220
<b>Cash flows from operating activities before financial income and expenses</b>		<b>3,066,860</b>	<b>24,443,277</b>
Financial income		395,030	77,611
Financial expenses		-3,924	-409,899
<b>Cash flows from ordinary activities</b>		<b>3,457,966</b>	<b>24,110,989</b>
Corporation tax paid		-1,223,028	-839,020
<b>Cash flows from operating activities</b>		<b>2,234,938</b>	<b>23,271,969</b>
Fixed asset investments made etc		-20,936	-614
Purchase of Current asset investments		0	-2,000,000
<b>Cash flows from investing activities</b>		<b>-20,936</b>	<b>-2,000,614</b>
Dividend paid		-7,000,000	-22,500,000
<b>Cash flows from financing activities</b>		<b>-7,000,000</b>	<b>-22,500,000</b>
<b>Change in cash and cash equivalents</b>		<b>-4,785,998</b>	<b>-1,228,645</b>
Cash and cash equivalents at 1 July 2022		13,162,199	14,390,844
<b>Cash and cash equivalents at 30 June 2023</b>		<b>8,376,201</b>	<b>13,162,199</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,376,201	13,162,199
<b>Cash and cash equivalents at 30 June 2023</b>		<b>8,376,201</b>	<b>13,162,199</b>

# Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	USD	USD
<b>1 Revenue</b>		
<b>Geographical / Business segments</b>		
Globally / Dry Bulk	118,724,316	153,372,769
	<u><b>118,724,316</b></u>	<u><b>153,372,769</b></u>
<b>2 Staff expenses</b>		
Wages and salaries	1,727,822	2,312,687
Other social security expenses	2,868	2,840
Other staff expenses	58,836	48,211
	<u><b>1,789,526</b></u>	<u><b>2,363,738</b></u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u><b>136,196</b></u>	<u><b>108,950</b></u>
<b>Average number of employees</b>	<u><b>9</b></u>	<u><b>8</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	371,927	1,306,876
Adjustment of tax concerning previous years	453	0
	<u><b>372,380</b></u>	<u><b>1,306,876</b></u>
<b>4 Fixed asset investments</b>		<u>Deposits</u>
		USD
Cost at 1 July 2022		20,163
Additions for the year		<u>20,936</u>
Cost at 30 June 2023		<u>41,099</u>
<b>Carrying amount at 30 June 2023</b>		<u><b>41,099</b></u>

# Notes to the Financial Statements

## 5 Prepayments

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

## 6 Investments at fair value

	Value adjust- ment, income statement	Fair value at 30 June 2023
	USD	USD
Current asset investments	381,357	2,108,923

The Company's investments in Current Asset investments consist of investments in private equity funds.

For Private Equity funds, the fair value is determined on basis of information provided by the individual Private Equity funds for an example received quarterly reports where the valuation models DCF and multiples are used. A decrease or an increase in the used assumptions will have a direct effect on the fair value

## 7 Equity

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

## 8 Distribution of profit

	2022/23	2021/22
	USD	USD
Extraordinary dividend paid	0	14,500,000
Proposed dividend for the year	0	7,000,000
Retained earnings	3,032,628	5,432,900
	<b>3,032,628</b>	<b>26,932,900</b>

# Notes to the Financial Statements

## 9 Derivative financial instruments

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

Hedge Accounting not Applied:

-FFA and oil contracts with a duration of 0-24 months.

	<u>30 June 2023</u>	<u>30 June 2022</u>
	USD	USD
Liabilities	374,351	420,300

	<u>Value adjust- ment, income statement</u>	<u>Value adjust- ment, equity</u>	<u>Fair value at 30 June 2023</u>
	USD	USD	USD
FFA's and oil contracts (Hedge accounting not applied)	-374,351	0	-374,351

## 10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years and accruals regarding costs for open voyages.

## Notes to the Financial Statements

	<u>30 June 2023</u>	<u>30 June 2022</u>
	USD	USD
<b>11 Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
The contractual obligations relating to short-term chartering of vessels.		
Within 1 year	19,445,000	43,354,000
Between 1 and 5 years	<u>64,510</u>	<u>8,546,000</u>
	<b><u>19,509,510</u></b>	<b><u>51,900,000</u></b>
The contractual obligations relating to rent and lease	145,382	36,000

### Other contingent liabilities

The Company has entered into an agreement for future delivery of a vessel. The purchase amount of USD 8,308k is payable at delivery of the vessel, which is expected in Q4-2023.

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

The Company 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, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.



# Notes to the Financial Statements

## 12 Related parties

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Svabo Holding ApS

### 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

## 13 Fee to auditors appointed at the general meeting

### PricewaterhouseCoopers

	2022/23 USD	2021/22 USD
Audit fee	20,827	19,317
Tax advisory services	4,063	4,201
Other assistance	5,094	11,315
	<b>29,984</b>	<b>34,833</b>

# Notes to the Financial Statements

## 14 Accounting Policies

The Annual Report of Union Bulk A/S for 2022/23 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 Financial Statements are presented in USD with exchange rate as 30 June 2023 USD 685,39 (30 June 2022 - USD 716,20).

### 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.

### 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.

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

Changes in the fair values of derivative financial instruments are recognised in the income statement.

### Revenue

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

## 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, which is the management company of the joint taxation purposes. Moreover, the group companies are

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

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.

### 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.

### Financial debts

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

# Notes to the Financial Statements

## 14 Accounting Policies (continued)

### Deferred income

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

## Cash Flow Statement

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

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

### Cash flows from investing activities

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

### Cash flows from financing activities

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

### Cash and cash equivalents

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

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

## Financial Highlights

### Explanation of financial ratios

Gross margin

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

Profit margin

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

## Notes to the Financial Statements

### 14 Accounting Policies (continued)

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