Grant Thornton

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Independent Bulk Carriers A/S

Strandvejen 60, 2900 Hellerup

Company reg. no. 40 80 40 99

Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the 27 September 2021.

Søren Benny Ogle Jønsson
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that USD 146.940 corresponds to the English amount of USD 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Independent Bulk Carriers A/S for the financial year 1 July 2020 - 30 June 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 22 September 2021

Managing Director

Søren Benny Ogle Jønsson

Board of directors

Bent Egil Jønsson

Charlotte Højbjerg Andersen

Søren Benny Ogle Jønsson

Bridget Rosemary Ogle

Henning Jønsson

Independent auditor's report

To the shareholder of Independent Bulk Carriers A/S

Opinion

We have audited the financial statements of Independent Bulk Carriers A/S for the financial year 1 July 2020 - 30 June 2021, which comprise income statement, statement of financial position, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the results of the company's activities for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 22 September 2021

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

Company information

The company	Independent Bulk Carriers A/S Strandvejen 60 2900 Hellerup	
	Company reg. no.	40 80 40 99
	Financial year:	1 July - 30 June
Board of directors	Bent Egil Jønsson Charlotte Højbjerg Andersen Søren Benny Ogle Jønsson Bridget Rosemary Ogle Henning Jønsson	
Managing Director	Søren Benny Ogle Jønsson	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Independent Bulk Invest A/S	

Management commentary

The principal activities of the company

Like previous years, the principal activities are activities are shipping with timechartered vessels.

Development in activities and financial matters

The gross profit for the year totals USD 7.090.018 against T.USD -1.132 last year. Income from ordinary activities after tax totals USD 5.231.179 against T.USD -970 last year. Management considers the net profit for the year satisfactory.

Income statement

Amounts concerning 2020/21: USD.
Amounts concerning 2019/20: USD thousand.

Note		1/7 2020 - 30/6 2021	19/9 2019 - 30/6 2020
	Gross profit	**7.090.018**	**-1.132**
1	Staff costs	-232.930	-106
	Depreciation and writedown relating to fixed assets	-7.905	0
	Operating profit	**6.849.183**	**-1.238**
	Other financial income	0	14
2	Other financial costs	-137.006	-15
	Pre-tax net profit or loss	**6.712.177**	**-1.239**
	Tax on net profit or loss for the year	-1.480.998	269
	Net profit or loss for the year	**5.231.179**	**-970**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	5.231.179	0
	Allocated from retained earnings	0	-970
	Total allocations and transfers	**5.231.179**	**-970**
	Extraordinary dividend approved after the end of the financial year	350.000	0

Statement of financial position at 30 June

Amounts concerning 2021: USD.
Amounts concerning 2020: USD thousand.

Assets

Note		2021	2020
	Non-current assets		
3	Other fixtures and fittings, tools and equipment	110.664	0
	Total property, plant, and equipment	110.664	0
4	Deposits	3.810	4
	Total investments	3.810	4
	Total non-current assets	**114.474**	**4**
	Current assets		
	Raw materials and consumables	2.415.997	792
	Total inventories	2.415.997	792
	Trade receivables	836.526	2
5	Voyages in progress	4.622.379	1.844
	Deferred tax assets	75.188	273
	Other receivables	7.398	4
	Prepayments and accrued income	7.410	68
	Total receivables	5.548.901	2.191
	Cash on hand and demand deposits	2.397.248	185
	Total current assets	**10.362.146**	**3.168**
	Total assets	**10.476.620**	**3.172**

Statement of financial position at 30 June

Amounts concerning 2021: USD.
Amounts concerning 2020: USD thousand.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	75.128	75
6	Retained earnings	4.261.380	-970
	Total equity	**4.336.508**	**-895**
	Liabilities other than provisions		
	Subordinate loan capital	0	1.050
	Payables to group enterprises	0	416
	Total long term liabilities other than provisions	0	1.466
5	Prepayments received from customers concerning work in progress for the account of others	2.626.722	2.231
5	Voyages in progress	363.501	244
	Trade payables	1.003.242	88
	Payables to group enterprises	802.000	0
	Corporate tax	1.282.754	0
	Other payables	61.893	38
	Total short term liabilities other than provisions	6.140.112	2.601
	Total liabilities other than provisions	**6.140.112**	**4.067**
	Total equity and liabilities	**10.476.620**	**3.172**

7 Contingencies

Notes

Amounts concerning 2020/21: USD.
Amounts concerning 2019/20: USD thousand.

		1/7 2020 - 30/6 2021	19/9 2019 - 30/6 2020
1.	**Staff costs**		
	Salaries and wages	200.195	93
	Pension costs	31.856	13
	Other costs for social security	548	0
	Other staff costs	331	0
		232.930	**106**
	Average number of employees	1	1
2.	**Other financial costs**		
	Financial costs, group enterprises	99.912	15
	Other financial costs	37.094	0
		137.006	**15**
3.	**Other fixtures and fittings, tools and equipment**		
	Additions during the year	151.254	0
	Disposals during the year	-32.685	0
	Cost 30 June 2021	**118.569**	**0**
	Depreciation for the year	-7.905	0
	Amortisation and writedown 30 June 2021	**-7.905**	**0**
	Carrying amount, 30 June 2021	**110.664**	**0**
4.	**Deposits**		
	Cost 1 July 2020	3.810	4
	Cost 30 June 2021	**3.810**	**4**
	Carrying amount, 30 June 2021	**3.810**	**4**

Notes

Amounts concerning 2021: USD.
Amounts concerning 2020: USD thousand.

		30/6 2021	30/6 2020
5.	**Voyages in progress**		
	Sales value of the production of the period	10.606.273	1.600
	Payments on account received	-8.974.117	-2.231
	Voyages in progress, net	**1.632.156**	**-631**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	4.622.379	1.844
	Work in progress for the account of others (Prepayments received)	-2.626.722	-2.231
	Work in progress for the account of others (Short-term liabilities)	-363.501	-244
		1.632.156	**-631**
6.	**Retained earnings**		
	Retained earnings 1 July 2020	-969.799	0
	Profit or loss for the year brought forward	5.231.179	-970
		4.261.380	**-970**

7. Contingencies

Contingent liabilities

The company´s annual rent obligation amounts to 23 t.USD.

The company has entered into long-term lease arrangements for foreign tonnage. The total commitment amounts to t.USD 7.672 as per June 30, of which all relates to the financial year 2021/2022.

Joint taxation

With SJ Holding Ømose ApS, company reg. no 29 40 93 15 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Notes

Amounts concerning 2020/21: USD.
Amounts concerning 2019/20: USD thousand.

7. Contingencies (continued)

Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Independent Bulk Carriers A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The annual report is presented in American dollars (USD). A USD exchange rate on the balance sheet items of 6,2573 (2020 : 6,6553).

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in voyages in progress, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue corresponds to freight and timecharterhire.

Voyages in progress is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories (bunkers) are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Voyages in progress
Voyages in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income
Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits
Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Accounting policies

According to the rules of joint taxation, Independent Bulk Carriers A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.