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# *Weco Tankers A/S*

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

## Annual Report for 2023

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CVR No. 41 33 59 71

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 22/3 2024

Christian Thuesen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Weco Tankers A/S for the financial year 1 January - 31 December 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 31 December 2023 of the Company and of the results of the Company operations for 2023.

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.

Rungsted Kyst, 22 March 2024

## Executive Board

Johnny Schmølker

## Board of Directors

Johan Ernst Wedell-Wedellsborg  
Chairman

Lars Kalstad Vedfelt

Claes Leschly Bang

David Møller Simonsen

Johnny Schmølker

Rasmus Lund-Jacobsen

# Independent Auditor's report

To the shareholders of Weco Tankers A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Weco Tankers A/S for the financial year 1 January - 31 December 2023, 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 Financial 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 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.

# Independent Auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, 22 March 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff

State Authorised Public Accountant

mne30221

Martin Birch

State Authorised Public Accountant

mne42825

## Company information

<b>The Company</b>	Weco Tankers A/S Rungsted Strandvej 113 DK-2960 Rungsted Kyst  CVR No: 41 33 59 71 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
<b>Board of Directors</b>	Johan Ernst Wedell-Wedellsborg, chairman Lars Kalstad Vedfelt Claes Leschly Bang David Møller Simonsen Johnny Schmølker Rasmus Lund-Jacobsen
<b>Executive Board</b>	Johnny Schmølker
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020
	TUSD	TUSD	TUSD	TUSD
<b>Key figures</b>				
<b>Profit/loss</b>				
Revenue	291,326	261,536	101,121	25,503
Gross profit	57,485	49,387	3,654	-1,002
Profit/loss of primary operations	53,145	42,757	2,479	-1,679
Profit/loss of financial income and expenses	3,610	203	-121	-11
Net profit/loss for the year	56,140	42,796	2,278	-1,675
<b>Balance sheet</b>				
Balance sheet total	152,746	77,479	19,128	9,515
Equity	79,053	45,528	3,082	924
Number of employees	10	9	5	4
<b>Ratios</b>				
Gross margin	19.7%	18.9%	3.6%	-3.9%
Profit margin	18.2%	16.3%	2.5%	-6.6%
Return on assets	34.8%	55.2%	13.0%	-17.6%
Solvency ratio	51.8%	58.8%	16.1%	9.7%
Return on equity	90.1%	176.1%	113.7%	-362.6%

For definitions of key ratios, see accounting policies.

# Management's review

## Key activities

The primary activity of Weco Tankers A/S is to transport vegetable oils, chemical and other oil products.

## Development in the year

The income statement of the Company for 2023 shows a profit of t.USD 56,140, and at 31 December 2023 the balance sheet of the Company shows equity of t.USD 79,053.

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

Management is very pleased with the result which exceeded expectations expressed in the 2022 report. Since being established in May 2020, management have build a fleet of approximately 20 TC vessels on longer contracts, and have capitalized on the very strong product since the second half of 2022.

## Special risks - operating risks and financial risks

### Use of financial instruments

Fluctuations in the price of bunkers affect the operating profit. Price agreements are entered into concerning future purchases of bunkers when the market conditions are estimated to lead to increasing bunkers prices. It is the Company's objective that the expected bunkers' consumption of all contracts is covered at the conclusion of the contract.

### Market risks

fluctuations affect freight rates as well as prices of e.g. tonnage and fuel. Management continuously assess 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.

### Interest rate risks

The company has floating-rate loans on its financing of own vessels, but with most of the vessels employed being chartered from other vessel owners for shorter or longer periods at fixed time charter rates, the company has only limited interest rate risk.

## Targets and expectations for the year ahead

Management expects strong results from Weco Tankers in 2024, in a product tanker market which have also started 2024 strong, albeit lower than the record result of 2023. Management expects a result of USD 20-30m for 2024.

## Research and development

The shipping company is not involved in research and development activities.

## External environment

The Company is focused on a high level of quality and safety as an important element of the operation and has a strong focus on energy efficient ships as well as optimization of fuel consumption to reduce the carbon footprint.



# Management's review

## Intellectual capital resources

Through retention and recruitment of new competences, as well as through cooperation, alliances and education, the intellectual capital resources which are major parameters in the development and perfection of new services, increase.

The Company has defined goals, positions and strategies that systematically strengthen the value creation and form the basis of the Company's innovative skills, just as it is important to the future success of the Company to attract and retain well-educated employees who identify with the stated core values. Therefore, heavy investments are made to employ trainees and to continuously improve the qualifications of staff of the Company.

# Management's review

## Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

The Company is under the Danish financial statements act required to report on Corporate Social Responsibility (CSR). Weco Tankers' values and approach to do business has always been based on responsibility and accountability, and the company is compliant with all legal requirements within the areas of climate change, environment, human rights, employee conditions and anti-corruption.

### Business model

The mission statement of Weco Tankers is "We are dedicated to innovative and individual shipping solutions".

The main activity within the Company is shipping and includes around 8 owned and long-term chartered Tanker vessels, as well as operating about 12 short term-chartered vessels from external vessel owners as their business model. This operation is carried out from offices in Denmark, USA, and Singapore with 14 staff in total.

All technical management (crewing, maintenance, control of costs) with respect to owned vessels has been outsourced to external suppliers and joint venture partners.

Contracting with suppliers of vessels follows the standard contractual terms provided by the international shipping organization BIMCO. To the extent it has been incorporated into the standard terms, this includes clauses on CSR. Weco Tankers select suppliers based on experience and informal expectations and requirements related to energy efficiency and legal compliance. All chartered vessels undergo inspection from relevant authorities, hereunder also the International Transport Worker's Federation, ITF.

Weco Tankers acknowledges the importance of being alert to challenges within climate change, environment, human rights, employee conditions and anti-corruption, but being a relatively small organization, Weco Tankers do not see the need of formalizing its management approach into written policies and procedures. The management approach is very agile and allows for all within the organization to address top management directly with questions and when in need of approval.

### Assessment of risks

#### *Climate change and the environment*

It is the ambition to continuously improve energy efficiency with all vessels. Consequently, The Company is always inquiring about energy efficiency when engaging a supplier including contractual terms ensuring the supplier vessel is compliant with low-sulfur bunker regulation. In 2023, we have included contractual terms about low-sulfur bunker regulation compliance in all new contracts, and we will continue this in the future.

However, as the fuel consumption is the only material impact, we may influence, and since the number of transactions are limited, Weco Tankers do not see risks material enough to require a formalized policy. We will continuously evaluate the need for a more formalized policy.

#### *Human rights*

The Company respects and recognizes human rights, the rights of the child and all International Labor Organization (ILO) charters. With its current business model we don't employ crew on the vessels. When selecting a supplier, it is contractually ensured that the responsibility of work and employment conditions belong to the supplier and that the ITF are granted access to check and review compliance in accordance with international agreements. In 2023, we have included contractual terms about responsibility of work and employment contracts in all new contracts, and we will continue this in the future. We have not identified any breaches in 2023.

Consequently, we do not see risks leading to a need for a formalized policy on human rights. We will continuously evaluate the need for a more formalized policy.

# Management's review

## *Anti-corruption*

Weco Tankers has a zero tolerance towards corruption and bribery practices. Contracts with both customers and suppliers follow the standards provided by BIMCO. Port costs forwarded by chartered vessels that are to be paid by Weco Tankers undergo quality assurance and approval from an external service provider, which know all official rates in ports. Further, all costs related to voyages are approved directly by management applying a four-eye principle, so the risks related to corruption and bribery are considered very low. In 2023, we have followed the anti-corruption procedures described above and we will continue to do so in the future. We have not identified any breaches in 2023.

## *Employees*

Weco Tankers believe that personal development is key to the success and well-being of the company's employees and thereby the success of the Company itself. To attract and maintain qualified employees is critical to the Company's growth.

## *Policy regarding employees*

It is the policy to enable Weco Tankers to attract, retain and evolve the best possible employees, meaning employees that are highly qualified and motivated to successfully manage present and future assignments. Highly competent employees are, because of the relationship business, one of the most important resources for our success and results, hence a risk in not attracting the right employees. We seek to mitigate the risk by focusing on development and the welfare of our current employees and by being present in the business.

We are an attractive place to work where each employee finds joy and welfare physical and psychological. This is secured by a good working environment through development and involvement of the employees. Our primary source of new employees in our Company is trainees in a two year trainee program. In 2022 we hired 1 trainee, in 2023 we hired 2 trainees, and in 2024 we expect to hire 1 trainee.

## **Policies on CSR**

Referencing the above assessment and evaluation of risks related to CSR, the Company has decided not to author formalized policies for impacts related to climate change, environmental issues, human rights, and anti-corruption. Our work within these areas is described in the sections above. We will continuously evaluate the need for more formalized policies.

## **Statement on gender composition, cf. section 99b of the Financial Statements Act**

### *Target for the Board of WECO Tankers A/S*

In 2019 Weco Tankers A/S set a target to have 33% women on the Board of Directors by 2026. Being a company managed directly by the owners and given the development of the business, it has not been possible for Weco Tankers A/S to either add or occupy one of the five positions of the Board with a woman. In general, there are not many female candidates available, and further the general assembly and the owners have not seen the need to make adjustments to the current board leading to that there are still only men on the Board at the end of 2023.

The Company's' long-term ambition is to achieve a composition of the underrepresented gender at Board of Directors, reflecting the composition of gender in the total organization. On Board of Directors level we have had no changes in 2023. The executive management as well as the board are all appointed based on their specific and relevant industry knowledge and constitutes only internal leaders.

Top Managements equals Board of Directors and other management levels equals the executive board.

# Management's review

2023

## Top management

Total number of members	6
Underrepresented gender %	0%
Target figure %	33%
Year for meeting target	2026

## Other management levels

Total number of members	1
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### *Policy to increase gender diversity on other management levels*

As other management consists of two or fewer employees and the company has under 50 employees, the company has chosen to use the exemption clause and has not stated the proportion of the underrepresented gender as well as the target figures and policy for this, meaning other management levels.

### **Statement on data ethics, cf. section 99d of the Financial Statements Act**

Weco Tankers A/S comply with the Danish legislation on GDPR with regards to employee and personal data.

Given our business model and activities all data are considered business critical and will as such never be shared with or in any way be made available to third parties. Consequently, Management at Weco Tankers A/S has seen no immediate need for approving a policy on data ethics but will follow the topic closely with the aim of potentially setting such a policy in the near future.

### **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 January - 31 December

	Note	2023	2022
		TUSD	TUSD
Revenue	1	291,326	261,537
Direct expenses		-232,190	-210,615
Other external expenses		-1,651	-1,535
<b>Gross profit</b>		<b>57,485</b>	<b>49,387</b>
Staff expenses	2	-4,340	-6,630
<b>Profit/loss before financial income and expenses</b>		<b>53,145</b>	<b>42,757</b>
Income from investments in subsidiaries	3	49	39
Income from investments in associates	4	1,666	92
Financial income	5	1,901	325
Financial expenses	6	-6	-253
<b>Profit/loss before tax</b>		<b>56,755</b>	<b>42,960</b>
Tax on profit/loss for the year	7	-615	-164
<b>Net profit/loss for the year</b>	8	<b>56,140</b>	<b>42,796</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		TUSD	TUSD
Investments in subsidiaries	9	142	91
Investments in associates	10	9,147	96
<b>Fixed asset investments</b>		<b>9,289</b>	<b>187</b>
<b>Fixed assets</b>		<b>9,289</b>	<b>187</b>
Raw materials and consumables		6,612	10,362
<b>Inventories</b>		<b>6,612</b>	<b>10,362</b>
Trade receivables		37,779	15,336
Receivables from group enterprises		904	0
Receivables from associates		34,051	1,389
Other receivables	11	1,306	501
Prepayments	12	12,331	22,780
<b>Receivables</b>		<b>86,371</b>	<b>40,006</b>
<b>Cash at bank and in hand</b>		<b>50,474</b>	<b>26,924</b>
<b>Current assets</b>		<b>143,457</b>	<b>77,292</b>
<b>Assets</b>		<b>152,746</b>	<b>77,479</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		TUSD	TUSD
Share capital		365	365
Reserve for net revaluation under the equity method		1,900	182
Reserve for hedging transactions		12	-281
Retained earnings		76,776	45,262
<b>Equity</b>		<b>79,053</b>	<b>45,528</b>
Trade payables		52,184	20,420
Payables to group enterprises		1,266	1,311
Other payables	11	5,747	4,551
Deferred income	13	14,496	5,669
<b>Short-term debt</b>		<b>73,693</b>	<b>31,951</b>
<b>Debt</b>		<b>73,693</b>	<b>31,951</b>
<b>Liabilities and equity</b>		<b>152,746</b>	<b>77,479</b>
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
	TUSD	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	365	182	-281	45,262	45,528
Exchange adjustments	0	2	0	-2	0
Extraordinary dividend paid	0	0	0	-22,908	-22,908
Fair value adjustment of hedging instruments, end of year	0	0	293	0	293
Net profit/loss for the year	0	1,716	0	54,424	56,140
<b>Equity at 31 December</b>	<b>365</b>	<b>1,900</b>	<b>12</b>	<b>76,776</b>	<b>79,053</b>



# Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>1. Revenue</b>		
<b>Geographical segments</b>		
Globally	291,326	261,537
	<u>291,326</u>	<u>261,537</u>
<b>Business segments</b>		
Tank	291,326	261,537
	<u>291,326</u>	<u>261,537</u>
	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>2. Staff Expenses</b>		
Wages and salaries	4,147	6,458
Pensions	155	126
Other social security expenses	11	21
Other staff expenses	27	25
	<u>4,340</u>	<u>6,630</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
Average number of employees	<u>10</u>	<u>9</u>
	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>3. Income from investments in subsidiaries</b>		
Share of profits / losses of subsidiaries	49	39
	<u>49</u>	<u>39</u>

## Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>4. Income from investments in associates</b>		
Share of profits / losses of associates	1,666	92
	<u>1,666</u>	<u>92</u>
	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>5. Financial income</b>		
Interest received from group enterprises	155	11
Other financial income	1,696	214
Exchange adjustments	50	100
	<u>1,901</u>	<u>325</u>
	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>6. Financial expenses</b>		
Interest paid to group enterprises	0	245
Other financial expenses	6	8
	<u>6</u>	<u>253</u>
	<u>2023</u>	<u>2022</u>
	TUSD	TUSD
<b>7. Income tax expense</b>		
Current tax for the year	615	164
	<u>615</u>	<u>164</u>

## Notes to the Financial Statements

	2023	2022
	TUSD	TUSD
<b>8. Profit allocation</b>		
Extraordinary dividend paid	22,908	0
Reserve for net revaluation under the equity method	1,716	131
Retained earnings	31,516	42,665
	<b>56,140</b>	<b>42,796</b>

	2023	2022
	TUSD	TUSD
<b>9. Investments in subsidiaries</b>		
Cost at 1 January	1	1
Cost at 31 December	1	1
Value adjustments at 1 January	90	51
Exchange adjustment	2	0
Net profit/loss for the year	49	39
Value adjustments at 31 December	141	90
<b>Carrying amount at 31 December</b>	<b>142</b>	<b>91</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Weco Tankers Singapore Pte. Ltd.	Singapore	USD 732	100%

## Notes to the Financial Statements

	2023	2022
	TUSD	TUSD
<b>10. Investments in associates</b>		
Cost at 1 January	4	0
Additions for the year	7,385	4
Cost at 31 December	7,389	4
Value adjustments at 1 January	92	0
Net profit/loss for the year	1,666	92
Value adjustments at 31 December	1,758	92
<b>Carrying amount at 31 December</b>	<b>9,147</b>	<b>96</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
Weco Malou ApS	Hørsholm (Danmark)	USD 40.000	34%
Tribeca Maritime Partners LLC	Singapore	USD 7.385	25%

The foreign associate is recognised and measured as a separate entity.

# Notes to the Financial Statements

2023	2022
TUSD	TUSD

## 11. 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:  
-No Contracts.

Hedge Accounting Applied:  
-Oil contracts with a duration of 0-12 months.

Assets	11	0
Liabilities	0	281

	Value adjustment, equity	Fair value at 31. December
	TUSD	TUSD
Oil contracts (Hedging applied)	293	11
	0	0

## 12. Prepayments

Prepayments consist of prepaid T/C hire, Port costs and accruals regarding uninvoiced revenue

## 13. Deferred income

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

2023	2022
TUSD	TUSD

## 14. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	87,043	52,550
Between 1 and 5 years	60,528	60,424
After 5 years	1,613	17,901
	<u>149,184</u>	<u>130,875</u>

# Notes to the Financial Statements

2023	2022
TUSD	TUSD

## 14. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

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

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

## 15. Related parties and disclosure of consolidated financial statements

### Transactions

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

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Weco A/S	Hørsholm
Weco Shipping A/S	Hørsholm

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of Weco Tankers A/S for 2023 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 for 2023 are presented in TUSD. Applied US Dollar exchange rate on the 31 December 2023, DKK 674,47 (2022: DKK 697,22).

With reference to section 96 (3) of the Danish Financial Statements Act fee to auditor appointed at the general meeting is disclosed in the Group Annual report for Weco Shipping A/S

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Weco Shipping A/S, the Company has not prepared consolidated financial statements.

### 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 Weco Shipping A/S, 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 the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

# Notes to the Financial Statements

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.

## Hedge accounting

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in reserve for hedging transactions under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

## Segment information on revenue

Information on business segments and geographical segments is 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 vessels freight income and time charter income. Revenue is recognised in the income statement for the financial year as earned.

### Direct expenses

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 as well as office expenses, etc.

### Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, vessel operating costs and other external expenses.

### Staff expenses

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

### Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

### Financial income and expenses

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

### Tax on profit/loss for the year

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.



# Notes to the Financial Statements

The Company is jointly taxed with Weco A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Investments in subsidiaries and associates

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

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

### Inventories

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

### 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 future financial years.

### 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 liabilities

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 as well as open voyages.

# Notes to the Financial Statements

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$