
Weco Tankers A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2021

CVR No 41 33 59 71

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/3 2022

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 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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, 30 March 2022

Executive Board

Johnny Schmølker

Board of Directors

Johan Ernst Wedell-Wedellsborg
Chairman

Rasmus Lund-Jacobsen

Johnny Schmølker

Claes Leschly Bang

Lars Kalstad Vedfelt

David Møller Simonsen

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

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, 30 March 2022

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

The Company

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

Board of Directors

Johan Ernst Wedell-Wedellsborg, Chairman
Rasmus Lund-Jacobsen
Johnny Schmølker
Claes Leschly Bang
Lars Kalstad Vedfelt
David Møller Simonsen

Executive Board

Johnny Schmølker

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	<u>2021</u>	<u>2020</u>
	USD '000	USD '000
Key figures		
Profit/loss		
Gross profit/loss	3,654	-1,002
Profit/loss before financial income and expenses	2,479	-1,679
Net financials	-121	-11
Net profit/loss for the year	2,278	-1,675
Balance sheet		
Balance sheet total	19,128	9,515
Equity	3,082	924
Investment in property, plant and equipment	0	0
Number of employees	5	2
Ratios		
Return on assets	13.0%	-17.6%
Solvency ratio	16.1%	9.7%
Return on equity	113.7%	-362.6%

Management's Review

Main activity

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 2021 shows a profit of t.USD 2,278, and at 31 December 2021 the balance sheet of the Company shows equity of t.USD 3,082.

Weco Tankers delivered a strong result of TUSD 2.278 in 2021, which more than recovers the loss of TUSD -1.675 from first year of operation in 2020.

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

Management is very pleased with not only delivering a profit, but also more than recover losses from 2020, in a year which has been described by many product tanker owners as the worst market in a decade. Weco Tankers achieved this result with a dedicated freight focus, and contracts of affreightments (COAs) with major cargo owners. Results are aligned with the wording of the expectations expressed in the 2021 report, where nominal earnings guidance was not given.

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

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 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 most operational expenses being in USD and administrative expenses being in USD and DKK, the company have only limited foreign exchange r

Targets and expectations for the year ahead

Management expects a market which although better than 2021, will remain volatile and impacted by global oil demand not yet having fully recovered from Covid-19. Management expects to further increase its activity, and is growing both the organization and the number of TC contracts and contracts of affreightments (COAs). For 2022 management expects a result in line with 2021.

Management's Review

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.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

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	2021 USD '000	2020 USD '000
Gross profit/loss		3,654	-1,002
Staff expenses	2	-1,175	-677
Profit/loss before financial income and expenses		2,479	-1,679
Income from investments in group enterprises	3	47	4
Financial income	4	17	13
Financial expenses	5	-185	-28
Profit/loss before tax		2,358	-1,690
Tax on profit/loss for the year	6	-80	15
Net profit/loss for the year		2,278	-1,675

Balance Sheet 31 December

Assets

	Note	2021 USD '000	2020 USD '000
Investments in group enterprises	7	52	5
Fixed asset investments		52	5
Fixed assets		52	5
Inventories		3,900	1,154
Trade receivables		7,020	2,654
Other receivables		291	554
Prepayments	8	7,780	2,937
Receivables		15,091	6,145
Cash at bank and in hand		85	2,211
Currents assets		19,076	9,510
Assets		19,128	9,515

Balance Sheet 31 December

Liabilities and equity

	Note	2021 USD '000	2020 USD '000
Share capital		365	345
Reserve for net revaluation under the equity method		51	4
Reserve for hedging transactions		69	314
Retained earnings		2,597	261
Equity		3,082	924
Trade payables		4,711	1,277
Payables to group enterprises		7,169	2,806
Other payables		602	546
Deferred income	10	3,564	3,962
Short-term debt		16,046	8,591
Debt		16,046	8,591
Liabilities and equity		19,128	9,515
Going concern	1		
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
	USD '000	USD '000	USD '000	USD '000	USD '000
Equity at 1 January	345	4	314	261	924
Cash capital increase	20	0	0	105	125
Fair value adjustment of hedging instruments, end of year	0	0	-245	0	-245
Net profit/loss for the year	0	47	0	2,231	2,278
Equity at 31 December	365	51	69	2,597	3,082

Notes to the Financial Statements

1 Going concern

The parent company has declared that the loans will not be terminated unless the company has sufficient liquidity to repay the loans.

Based on the above, it is the management's assesment that the company's capital resources are sufficient and, accordingly, present the financial statements according to the principles of going concern.

	2021 USD '000	2020 USD '000
2 Staff expenses		
Wages and salaries	1,084	618
Pensions	71	49
Other social security expenses	8	2
Other staff expenses	12	8
	<u>1,175</u>	<u>677</u>
Average number of employees	<u>5</u>	<u>2</u>

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

3 Income from investments in group enterprises

Share of profits / losses of subsidiaries	<u>47</u>	<u>4</u>
	<u>47</u>	<u>4</u>

4 Financial income

Interest received from group enterprises	8	1
Exchange adjustments	<u>9</u>	<u>12</u>
	<u>17</u>	<u>13</u>

Notes to the Financial Statements

	2021 <u>USD '000</u>	2020 <u>USD '000</u>
5 Financial expenses		
Interest paid to group enterprises	174	22
Other financial expenses	<u>11</u>	<u>6</u>
	<u>185</u>	<u>28</u>
6 Tax on profit/loss for the year		
Current tax for the year	<u>80</u>	<u>-15</u>
	<u>80</u>	<u>-15</u>
7 Investments in group enterprises		
Cost at 1 January	1	0
Additions for the year	<u>0</u>	<u>1</u>
Cost at 31 December	<u>1</u>	<u>1</u>
Value adjustments at 1 January	4	0
Net profit/loss for the year	<u>47</u>	<u>4</u>
Value adjustments at 31 December	<u>51</u>	<u>4</u>
Carrying amount at 31 December	<u>52</u>	<u>5</u>

Investments in group enterprises are specified as follows:

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

8 Prepayments

Prepayments comprise prepaid expenses concerning future financial years.

Notes to the Financial Statements

	2021 USD '000	2020 USD '000
9 Distribution of profit		
Reserve for net revaluation under the equity method	47	4
Retained earnings	2,231	-1,679
	2,278	-1,675

10 Deferred income

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

11 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	40,972	18,595
Between 1 and 5 years	46,598	0
After 5 years	20,369	0
	107,939	18,595

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.

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.

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
Weco A/S	Hørsholm
Weco Shipping A/S	Hørsholm

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of Weco Tankers A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2021 are presented in TUSD. Applied US Dollar exchange rate on the 31 December 2021, DKK 656,12 (2020: DKK 605,76).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements 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.

Notes to the Financial Statements

13 Accounting Policies (continued)

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.

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.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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 as well as office expenses, etc.

Notes to the Financial Statements

13 Accounting Policies (continued)

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, 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

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

Financial income and expenses

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

Tax on profit/loss for the year

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 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

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

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

Notes to the Financial Statements

13 Accounting Policies (continued)

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

Inventories

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

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

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 debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years as well as open voyages.

Notes to the Financial Statements

13 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

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