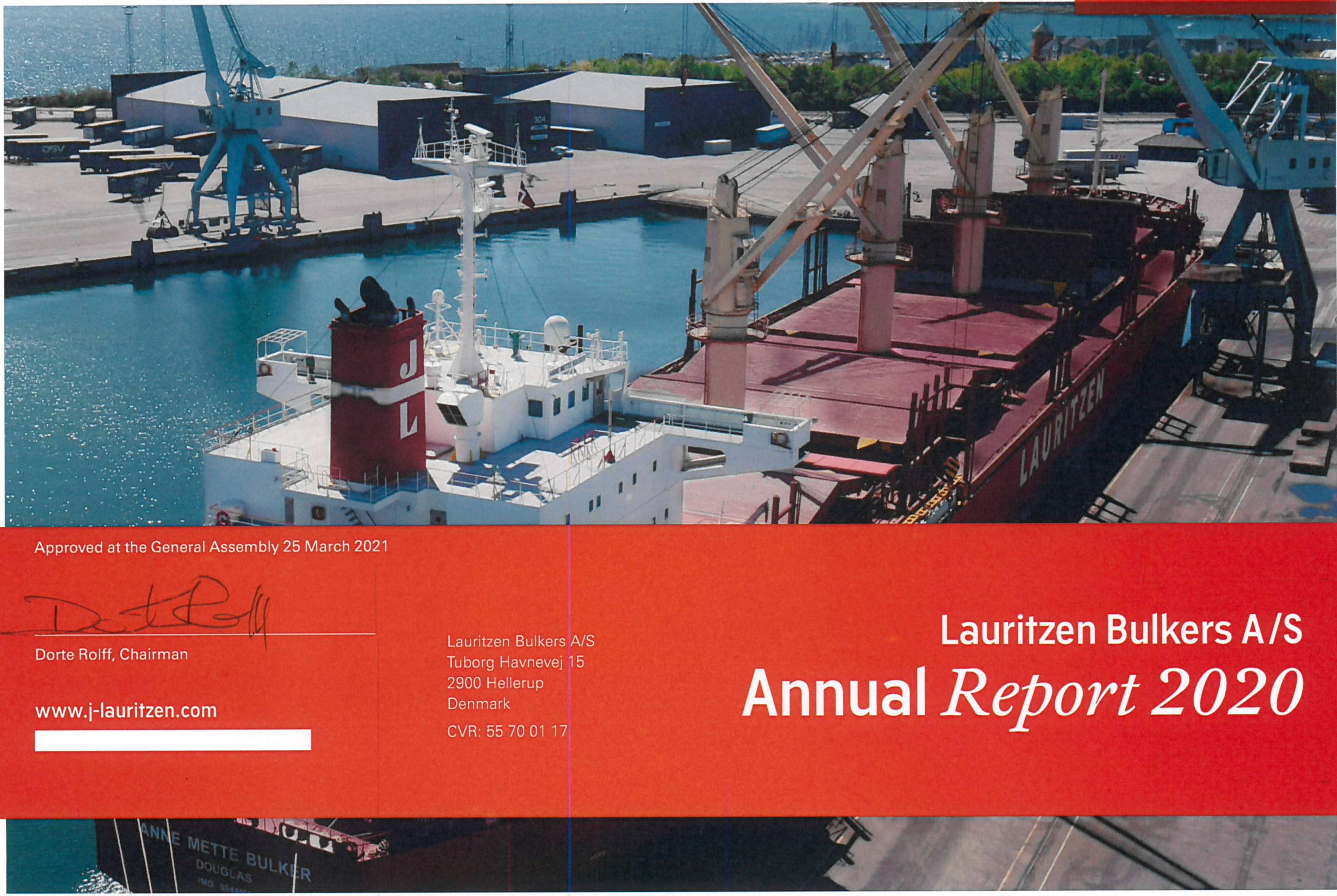
J. LAURITZEN



Approved at the General Assembly 25 March 2021

Dorte Rolff, Chairman

www.j-lauritzen.com

Lauritzen Bulkers A/S
Tuborg Havnevej 15
2900 Hellerup
Denmark
CVR: 55 70 01 17

Lauritzen Bulkers A/S

Annual *Report* 2020

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MANAGEMENT REVIEW

About *Lauritzen Bulkers A/S*

Lauritzen Bulkers is an owner and operator of bulk carriers engaged in ocean transportation of dry bulk cargoes worldwide. Our main presence is in the handysize segment, where we maintain a leading global position.

Lauritzen Bulkers has served the worldwide dry cargo trade for decades, working with a large global base of quality-conscious customers who have selected us as their ocean transport partner.

Our purpose is to enable global trade through intelligent seaborne solutions – creating growth for local communities around the world. We are committed to our clients and live by our four values: resoluteness, accountability, empathy and adaptability.

We use our in-depth experience together with the latest technology to provide efficient, reliable and safe seaborne transport solutions.

On 1 July 2020, Lauritzen Bulkers was established as an independent business entity, wholly owned by J. Lauritzen, which has been part of the maritime worldwide trade for more than 135 years.

J. Lauritzen is wholly owned by Lauritzen Fonden (the Lauritzen Foundation.

Lauritzen Bulkers *overview*

Lauritzen Bulkers' office location worldwide
Headquarters in Copenhagen, Denmark.
Overseas offices in Singapore, Dubai and The United States. Office in Hong Kong to open April 2021.

LAURITZEN BULKERS
FACTS 2020

Owned by J. Lauritzen **100%**

Headquarters in Copenhagen, Denmark. Overseas offices in Singapore, Dubai and The United States. Office in Hong Kong to open April 2021.

63 employees ashore year-end

35% 65%

15 nationalities

82 seafarers onboard owned vessels year-end

Average controlled fleet of **73** vessels in 2020

Invested capital USDm **108** at year-end 2020

Revenues USDm **388** in 2020

Highlights and *market update*

Activity in 2020
The total number of ship days performed reached 25,692 corresponding to 72 vessels on average, compared to 25,725 ship days with 73 vessels on average in 2019.

We continued to lift a variety of cargoes, the majority being agricultural products, energy and construction materials. It is operationally demanding to handle many of these commodities due to their nature and/or location and needs dedicated effort from our professional staff at sea and ashore.

On 1 July 2020, the plan to establish Lauritzen Bulkers as an independent company wholly owned by J. Lauritzen was completed with economic effect retrospectively from 1 January 2020. The aim of this reorganisation was to provide the best conditions for the continued development of the company.

Lauritzen Bulkers' risk profile was rebalanced through a further reduction of our long-term commitments. This was substituted by increased activity in short-term (0–4 months) trading. We also increased the use of Freight Forward Agreements (FFAs) as one of the tools to improve risk management.

During 2020, Lauritzen Bulkers became more asset light, but we continue to monitor possibilities for asset play. Long-term time-charter tonnage was redelivered and replaced by shorter-term period vessels (1–2 years) at attractive rates, which led to a further reduction of our exposure.

A portfolio management system was introduced to improve risk management and support freight trading. The system assists us to monitor our exposure and market-to-market value – live – and provides vital information when taking positions and evaluating forward cargoes. The system is divided into separate books monitoring the bottom-line results, either for an individual book or consolidated. The two main books are:

- **Long-term book:** managing owned tonnage and period vessels with more than four months' commitment. Focus on activities up to two years in the future.

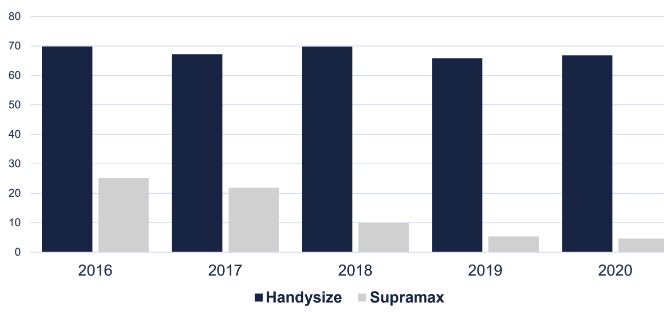
- **Short-term book:** managing short period vessels and all cargoes. The mandate allows this book to take positions four months forward.

The portfolio management system was instrumental in managing the impact of COVID-19. Before entering Q2, the total position was changed to having more cargo than vessel exposure, resulting in a positive impact from the market decline.

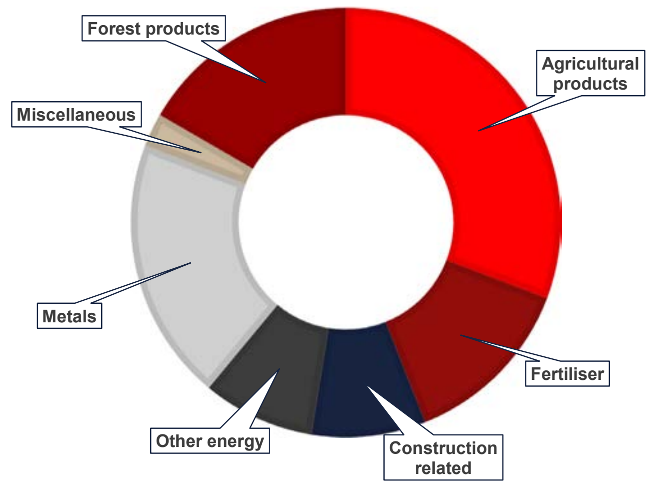
Our commercial office in Dubai had its first full year with expansion of the client base. Our local presence and our ability to serve customers has proved valuable and expanded our market reach.

Global market developments
2020 was a challenging year for dry bulk with a firm decline in the first half due to COVID-19, bottoming out in May at USD 4,108 per day for handysize vessels. However, the second half of the year showed good recovery with average index topping at USD 12,205 at the end of December, mainly driven by China recovering faster than rest of the world.

Average number of vessels operated



Cargo mix 2020



Dry bulk demand contracted by -2.1% in 2020. Minor bulks were hit by a decline of -3.2%, whereas major bulks suffered an estimated decline of -1.4%.

Vessel deliveries were up by about 6.8 million dwt to 48.4 million dwt, equal to an increase of 16%. Demolition amounted to about 14.5 million dwt, an increase of about 85% or 6.6 million dwt from 2019. Handysize and supramax bulk carriers saw a combined increase in deliveries of 0.1 million dwt to 11.3 million dwt.

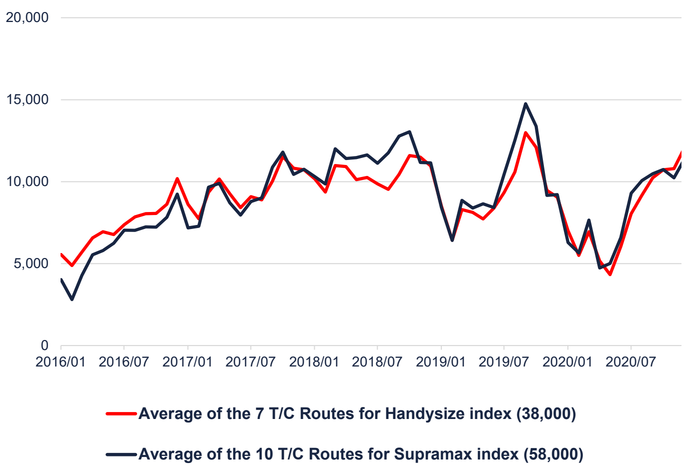
For dry bulk carriers, overall net fleet growth was 3.7%, compared to a fleet growth of 4.0% in 2019. Net fleet growth in the handysize segment was 1.3% compared to 2.1% the preceding year, whereas growth in the supramax segment stood at 3.6% compared to 3.7% in 2019, according to Clarksons Research.

At year-end 2020, the overall dry bulk orderbook amounted to 6.6% of the existing fleet, whereas the orderbook in the handysize segment amounted to 3.6% – the lowest in more than 20 years.

In 2020, newbuilding prices for handysize declined by 2.1% whereas supramax newbuilding prices declined by 5.9%. Secondhand values were down by 10.6% and 20% respectively for handysize and supramax.

Utilisation rates for handysize and supramax are estimated by MSI to have been 83%, marginally down from 2019 which was estimated at 83.7%.

Spot market rates in T/C equivalent USD/day



Source: Clarksons Research

Strategic positioning
In 2020, we further refined our business model and continued the transformation of becoming an asset-light handysize freight trader. We are pleased to see the robustness of the results generated from the trading activities.

Our long-term and expensive time-charter contracts are running out and are being replaced by vessels taken on time charter for 1–2 years to accommodate our strategic positioning.

To be present and to serve our clients the best way possible, it was decided to open a new commercial office in Hong Kong. The new office is scheduled to open during the second quarter 2021.

In addition to employing our owned and time-chartered tonnage in spot, COA and period markets, we rely on short-term chartered tonnage to perform our cargo commitments.

We continue to build and safeguard our knowledge, systems and organisation to take advantage of our craftmanship and utilise the inherent volatility of the global dry cargo markets.

Building on our long-term commitment to the market for handysize bulk carriers, and based on our core values of accountability, adaptability, empathy and resoluteness, we succeeded in applying our services still more efficiently during 2020.

In 2020, we served more than 273 customers and the top ten accounted for approximately 20% of Lauritzen Bulkers' turnover.

Corporate responsibility
A description of our corporate responsibility efforts appears in the Corporate Responsibility report for 2020 of our owners, J. Lauritzen. Click here to read the report.

Key *figures*

USDm	**2020**	2019	2018*	2017*	2016*
Income statement					
Revenue	388	409	462	464	305
Time-charter equivalent income (TCE)	220	243	(1)	(17)	(44)
Operating income before depreciation (EBITDA) and special items	28	37	(22)	(41)	(74)
Operating income (EBIT) before special items	(9)	(25)	(28)	(48)	(80)
Special items, net	0	(44)	16	30	42
Financial items, net	(9)	(19)	(5)	(7)	8
Profit/(loss) from continuing operations before tax	(18)	(88)	(17)	(25)	(30)
J. Lauritzen Group's share of profit/(loss)	(18)	(88)	(18)	(27)	(27)
Balance sheet					
Non current assets	128	149	121	135	122
Total assets	149	181	97	143	281
Total equity	26	12	30	57	84
Invested capital	108	142	101	68	7
Key figures and financial ratios					
Average number of employees	115	193	237	263	275
Total number of ship days	25,697	25,560	28,762	32,114	34,521
DKK exchange rate year-end	606	668	652	621	705
Average DKK exchange rate	654	667	632	660	673
Profit margin	(2.3)%	(6.1)%	(5.9)%	(10.0)%	(26.3)%
Solvency ratio	17%	7%	31%	40%	30%

*Comparative figures for 2016-2017 have not been adjusted for change in accounting policies based on IFRS 9 and IFRS 15, and comparative figures for 2016-2018 have not been adjusted for change in accounting policies based on IFRS 16.

Outlook *2021*

International organisations engaged in monitoring and forecasting economic activity and world trade growth will find it difficult enough to monitor the economic impact of the coronavirus, and even harder to recommend any economic policies to reduce its negative consequences. As such, any forecasts are faced with a high level of uncertainty. Although vaccination has now commenced in industrialised countries, this uncertainty is here to stay.

During 2020, financial policies were more supportive of economic activity than ever before. In 2021, we anticipate that financial policies will also be supportive of economic growth. Further measures to support economic growth may emerge during the course of the year in order not to kill the recovery before it has had time to take root.

There are a number of risks to the outlook that may affect international shipping. The most important of these include:

- Continued development of COVID-19 and the impact on economic activity
- Climate change and the need to reduce transportation-related carbon emissions
- International trade policy developments, especially the relationship between China and the US
- The signing of the Regional Comprehensive Economic Partnership (RCEP) agreement involving 15 Asia-Pacific nations and the potential negative effects on countries outside the bloc
- Oil and commodity price volatility
- The new US administration and potential energy reform

Lauritzen Bulkers' management team.

Dry bulk freight rates have recovered after almost collapsing in Q1 and Q2. Rates are forecast to strengthen further in 2021, as supply growth will continue to decline combined with a pick-up in demand growth. Newbuilding and secondhand prices are expected to remain subdued not least because yards' low order books and overcapacity exert pressure on prices.

Lauritzen Bulkers expects a positive net result in 2021, based on improved risk management, increased activity and further reduction of our legacy fleet.

People

In 2020, the retention rate remained high and we were again able to fill vacancies with well-qualified staff, bringing new ideas and competencies into the organisation.

We continued the successful sourcing of talented candidates from various universities and business schools for entry-level positions in different parts of the organisation.

In 2020, 72% of the new employees were commercial staff to increase our commercial activity and this further reduced our unit costs.

At year-end, we employed 145 persons, of whom 63 were ashore and 82 at sea.

Engagement
Our ongoing engagement survey reaffirmed that we have an engaged workforce who view Lauritzen Bulkers as an attractive place to work. During the year, our overall engagement score was consistently positioned in the top 25th percentile compared to other companies within the sector.

Diversity
In 2020, we saw a greater proportion of additional nationalities among our new recruits compared to last year. We expect diversity to further increase in the coming years to the benefit of our clients, innovation and our overall profile as an attractive international company to work for.

At year-end 2020, the gender distribution of the shore-based organisation was 35% female and 65% male, compared to 31% female and 69% male at year-end 2019, a step further towards achieving a more balanced gender distribution.

The distribution of women and men in managerial positions in our shore-based organisation was 8 percent female and 92 percent male. Our target for women in managerial positions is 25 percent by end 2023. This is ambitious but, given the size of the organisation and our efforts to attract more women to the industry, we consider it to be a realistic goal.

Developing talent
In 2020, we welcomed students from the fifth intake of the bachelor's degree in shipping at Copenhagen Business School (CBS) to our Copenhagen office to embark on a nine-month internship. We continued recruiting well-qualified staff for junior commercial positions within the company via internships.

PEOPLE IN NUMBERS

Shore-based personnel

At year-end the total headcount was **63**

We employ **15** different nationalities across our offices

Average age

40.3 years

2020

43.3 years

2019

Corporate *governance*

Management structure
In accordance with the Danish Companies Act, we have a two-tier management structure consisting of two separate bodies: the board of directors and the executive management. The board of directors is the central, supreme governing body. Day-to-day management is conducted by the executive management in line with the rules and procedures laid down by the board of directors.

Board of directors
The core task of the board of directors is to ensure that Lauritzen Bulkers has a business strategy and an appropriate capital structure, just as the board must ensure the sound organisation of the company's activities. In addition, they focus on risk management and internal control as well as ensuring that budgets and estimates are drawn up and approved and that monthly and quarterly reports are submitted. Procedures and key policies are reviewed annually in accordance with the annual wheel of the board of directors.

Board members elected at the general meeting serve for one year and may stand for re-election. At year-end 2020, the board of directors consisted of five members: four elected by the general meeting and one by the employees.

The individual contribution of the board's members, its results and cooperation with the executive management are evaluated annually.

The diversity profile of the members of the board of directors elected by the General Meeting is 25% female, and one member resides outside Denmark.

At year-end 2020, the average length of board members' service was six years.

In 2020, the board conducted nine meetings. Between meetings, recommendations were submitted to the board for written resolution.

Board committees
In order to improve efficiency and the overall quality of the work performed by the board of directors, a permanent audit committee supports the board. The audit committee, which in addition to financial reporting assists the board in terms of IT security and risk management, held five meetings in 2020.

Executive management
The executive management is appointed by the board of directors and consists of Niels Josefsen as CEO, responsible for the day-to-day management of the organisation.

LAURITZEN FONDEN

Lauritzen Bulkers is wholly owned by J. Lauritzen A/S, which has been engaged in ocean transport since it was founded in 1884. Lauritzen Fonden (the Lauritzen Foundation) was established in 1945 and has been the sole owner of J. Lauritzen ever since.

Lauritzen Fonden is a commercial foundation and is a self-governing institution under Danish law. It is regulated by the Danish Act on Commercial Foundations and is subject to supervision by the Danish Business Authority.

Through its charter, the Foundation is committed to promoting and developing the Danish shipping industry and supporting related education, culture and social work.

The Foundation's policy is to ensure flexible capital structures of the companies it owns. Lauritzen Fonden supports our goal of having a well-balanced financial structure, giving consideration to J. Lauritzen's continued existence and development.

In addition to its ownership of J. Lauritzen, the Foundation has the controlling interest in DFDS A/S (43% holding), Northern Europe's largest integrated shipping and logistics company. Lauritzen Fonden also has holdings via the wholly owned LF Investment ApS in, for example, NMR technology, cancer research and real estate. LF Investment ApS is also engaged in financial and asset management including impact investing, with the aim of generating measurable social impact as well as financial return.

Risk *management*

Strengthened risk management
During 2020, our risk management capabilities were significantly strengthened by implementing a new risk framework. The new framework includes an in-house developed risk management system which integrates with our proprietary portfolio management system and route calculation system. The framework provides a live overview of our exposure days, position values and other relevant risk parameters.

The risk framework assists us in building up our forward positive book values and ensures realising values. The risk framework systems are used to report directly to our board of directors to ensure that executive management is within the given risk mandate.

In addition, we have established a dedicated risk team which is responsible for identifying, monitoring and analysing our risk position at any given time. The risk management team has the mandate and obligation to challenge the position and assist our chartering team in taking more data-driven and risk-mitigating decisions, with the aim of reducing exposure and optimising profits.

The new risk management approach is an ongoing process where constant development is needed to ensure the risk framework is aligned with the business model and fluctuations in the dry bulk market.

The risk framework is considered a core business asset generating operational value and profits.

Commercial risk
We focus on creating value by managing our commercial risks through newly established risk tools that monitor the risk mandate given by the board of directors.

The central element of our business model is to take positions, and therefore exposure, through commercial commitments to own and charter in tonnage and to carry cargo.

Commercial exposure comes from risk factors common for cyclical, global industries like ocean shipping: essentially, demand and supply. Demand for seaborne transportation of raw materials and energy typically fluctuates with global economic growth. On the contrary is the supply of tonnage, where capacity only adapts at a slow pace. These factors have a direct impact on profit and financial strength through volatility in market rates, base margin and vessel values.

The combination of an analytical and data-driven approach, combined with in-house market research and local market knowledge, enables us to take strong and risk-calculated market positions that increase profits. The focus has changed towards taking short-term positions that can be managed more easily.

Financial risk
Financial risk arises from payment obligations, from maturing debt raised to finance assets, from cash flows in currencies other than USD and from credit risk related to financial counterparties either through holding our deposits or in their role as counterparty to hedging.

Liquidity is managed to ensure availability of funds to cover daily flows. The liquidity management is supplemented with forecasts on changes in Group liquidity.

The bank facilities financing LB's own fleet have maturity in 2023 and were refinanced during 2020.

Based on the expected non-USD costs for the next 12 months, Lauritzen Bulkers hedges 50–70% of its currency exposure. Most of the currency exposure on non-USD debt (principal) is hedged into USD. Risk related to floating interest rates is 40–60% hedged into fixed rate. The management of currency and interest rate risks remained unchanged in 2020.

Bunker price risk
Due to oil price volatility, we have decided to establish a new bunker management system, scheduled to be implemented during 2021. The system will further improve the accuracy of our overview of our total bunker position and improve our bunker hedging even further, thereby reducing the exposure to bunker price risk.

Risk *management*

TYPE OF RISK	RISK DESCRIPTION	MITIGATION
Bunker price risk	Fuel is the single most important variable cost factor. Cargo contract earnings can be heavily influenced by bunker price volatility.	Hedging of bunker consumption when a forward commitment is made in case bunker adjustment factor is not included in cargo contract.
Counterparty risk	We engage with a considerable number of counterparties, e.g. tonnage providers, time charter clients, cargo owners.	We reduce counterparty risk by systematic identification, assessment and monitoring of clients' creditworthiness as well as sanctions risk.
Piracy	In certain parts of the world, particularly in West Africa, crews and vessels are exposed to pirate attacks in the form of theft and/or kidnapping.	We experienced no piracy attacks in 2020. Identifying and managing such risks are paramount to us. We adhere to recommendations and best management practices from relevant national and international bodies. Before entering high-risk areas, separate risk evaluations will be worked out together with external experts.
Operational risk	Maintaining a strong safety culture is a top priority for us, first and foremost because of the human consequences of injuries or casualties. While being primarily an operator, we still have a strong focus on safety surrounding the carriage of cargoes. Proper carriage is important to ensure the safety of crew, vessel and cargo. Fuel is a risk due not only to prices but also to quality. With the introduction of the low sulphur fuel grade, we have also seen an increase in off-spec bunker deliveries.	The risk tolerance related to operational issues such as fleet management and safety is in principle zero. Safety procedures are implemented to ensure compliance with the highest industry standards. We assist masters with cargo documentation and guidance on how to treat the cargo while on board. We ensure a high level of know-how among our operators through regular training sessions and the employment of port captains who specialise in safe handling of cargoes. We are screening our bunker suppliers and we only use the best suppliers. To a large extent we take bunkers on terms we have negotiated, thereby providing better terms for us in case of disputes.
IT and cyber risk	We are highly dependent on stable IT systems.	We have implemented industry best practices to protect our systems. Backups and a secondary data centre are in place to recover our systems within a reasonable time.

Commercial *performance*

Short-term book adding value from day one
In its first year, our short-term book gave us a strong result after full cost allocation.

The contribution of the short-term book ended at USDm 15.4 on 15,262 vessel days, giving a contribution margin of USD 1,009 per vessel day.

With a four-month mandate, the short-term book started the year with an overweight of vessels. When COVID-19 appeared, the overweight was changed to cargoes for Q2, taking advantage of the low market.

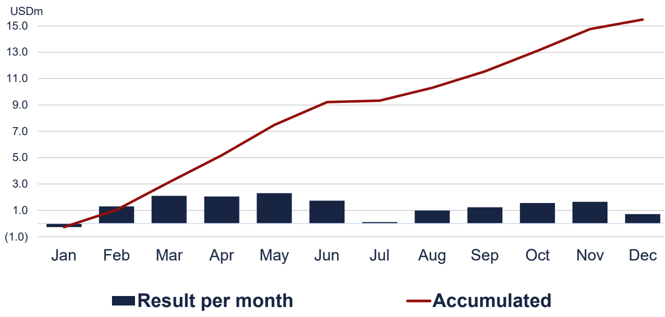
The main contributor to the good performance in 2020, however, was the capability to capture values from our strong regional market presence combined with the introduction of the portfolio system which enabled smart and data-driven trading decisions.

The short-term book started 2021 with a positive forward book with a very limited number of uncovered days and thus with low risk.

This year we again expect to benefit from our strong regional market presence and to increase the number of smart, data-driven trading decisions made. We expect these factors, supported by our research team, to generate a profit in line with 2020's result.

With the short-term book, we have started to build a strong, resilient and profitable business model that increases the business value of Lauritzen Bulkers.

Accumulated and monthly result 2020



2020 FULL YEAR KEY FIGURES		
Contribution result USDm 15.4	Margin per day USD 1,009	Days 15,262

Long-term book
Active management of the owned and long period tonnage, including vessels chartered in during the low 2020 market, secured a USD/day 9,040 gross performance and USD/day 1,037 above the BHSI-38 index.

The long-term book generated 11, 975 vessel days in 2020.

The legacy time-charter fleet (long-term period vessels taken on charter before 2019) yielded a negative result of USD (2,962) per day. Continuous redelivery of expensive legacy time-charter vessels will contribute to the overall improvement of our results in the coming years.

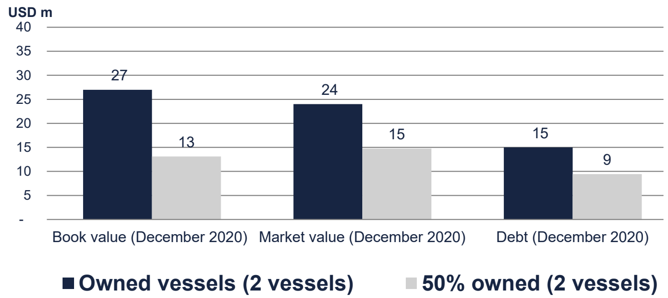
We have started building up a new time-charter fleet with a maximum firm period of two years. leveraging our new risk management and portfolio system, our new time-charter fleet will be managed with a low and profitable exposure. In 2020, the new time-charter fleet generated a profit of USD1,216 per day in a very challenging market.

Our long-term fleet includes two owned vessels and two vessels owned in 50% joint venture. The value of these vessels was estimated at USDm 39 by independent brokers at year-end 2020. Bank debt related to these vessels amounted to USDm 24 at year-end 2020.

The long-term book has started 2021 with a cover of 30%, the highest in the last 10 years, at profitable levels. Overall, the long-term book is expected to deliver a positive result in 2021, mainly due to value from the new time-charter fleet.

2020 FULL YEAR KEY FIGURES			
Margin per day Legacy fleet	Margin per day New fleet	Net result own vessels	Days
USDm (2,962)	USDm 1,216	USDm 0.3	11,975

Vessel values



Board of *directors & management*

CHAIRMAN OF THE BOARD

TOMMY THOMSEN
Member since 2018
CEO of Lauritzen Fonden

Chairman of the board of:
J. Lauritzen A/S
Lauritzen Kosan A/S
C.W. Obel A/S
NanoNord A/S
The Danish Maritime Fund

Board member of:
Chemical Transportation Group
Meabco A/S
Durisol UK
PSA International Pte Ltd, Singapore
Panama Canal Advisory Board
Portchain
SmartVan A/S

VICE CHAIRMAN OF THE BOARD

KRISTIAN V. MØRCH
Member since 2018
Member of The audit committee
CEO of Odfjell SE, Norway

Chairman of the board of:
Maersk Broker

Vice Chairman of the board of:
J. Lauritzen A/S
Lauritzen Kosan A/S

BOARD MEMBER

BARBARA PLUCNAR JENSEN
Member since 2018
Chairman of The audit committee
CFO of Tryg A/S

Board member of:
Lauritzen Kosan A/S
Kapitalforeningen Tryg Invest Funds (KTIF)
Nordsøenheden

PETER POUL LAURITZEN BAY
Member since 2003
Member of The audit committee
Managing Director, J. Krebs & Co. A/S

Board member of:
Lauritzen Kosan A/S
Alm. Brand, Representatives Executive Committee

ADAM PEDERSEN NORDHALD*
Member since 2020
Head of Risk and Business Analysis, Lauritzen Bulkers

MANAGEMENT

CHIEF EXECUTIVE OFFICER (CEO)

NIELS JOSEFSEN
Joined Lauritzen Bulkers in 2018 // In current position since December 2018

VICE PRESIDENT, SHORT-TERM BOOK

RASMUS FRANCIS JENSEN
Joined Lauritzen Bulkers in 2014 // In current position since June 2018

VICE PRESIDENT, LONG-TERM BOOK

CARL WEGEBERG
Joined Lauritzen Bulkers in 1983 // In current position since March 2005

HEAD OF GLOBAL OPERATIONS

METTE STENILD GRØN
Joined Lauritzen Bulkers in 2020 // In current position since January 2020

HEAD OF FINANCE

MIKKEL NIELSEN
Joined Lauritzen Bulkers in 2020 // In current position since September 2020

* Elected as substitute in 2017 by the employees; joined the board in 2020

Financial *review*

OPERATING ACTIVITIES

Results

In 2020, the result was USDm (18) compared to USDm (88) in 2019.

Revenue and time-charter equivalent income

Revenue decreased from USDm 409 in 2019 to USDm 388 in 2020.

The time-charter equivalent income amounted to USDm 220 based on 25,692 ship days, compared to USDm 243 in 2019 based on 25,725 ship days.

Hire of chartered vessels increased from USDm (114) in 2019 to USDm (132) in 2020.

Operating costs for owned and leased vessels totalled USDm (43), down from USDm (73) in 2019 primarily due to a reduction in operating costs for leased vessels.

EBITDA before special items

Operating income before depreciation and special items (EBITDA) amounted to USDm 28 compared to USDm 37 in 2019.

Depreciation of owned and leased vessels amounted to USDm (36) against USDm (62) in 2019 mainly due to a reduction in the depreciation of leased vessels.

Profit and loss from vessel sales amounted to USDm (1) in 2020 compared to USDm 0 in 2019.

Operating income and special items

Operating income before special items amounted to USDm (9) compared to USDm (25) in 2019.

There were no special items in 2020 whereas in 2019 special items amounted to USDm (44) mainly relating to impairments of vessels and right-of-use assets.

Financing and tax

Net financial income and expenses amounted to USDm (9), down from USDm (19) in 2019 due to lower interest costs on leased vessels.

Income tax amounted USDm (0) compared to USDm (1) in 2019.

OPERATING ASSETS AND LIABILITIES

Vessels

The carrying amount of owned vessels totalled USDm 27, down from USDm 29 in 2019 mainly due to depreciations. Right-of-use assets relating to the adoption of IFRS 16 amounted to USDm 68.

At year-end, the fleet was tested for impairment. The test did not result in a need for an impairment of the owned vessels or the right-of-use assets. A similar test conducted in 2019 resulted in a USDm (30) impairment.

Investments in joint ventures

Investments in joint ventures totalled USDm 5, similar to 2019.

Net working capital and other receivables

Net working capital decreased to USDm 4 from USDm 8 in 2019 mainly due to a reduction in stocks.

Invested capital

Invested capital amounted to USDm 108, down from USDm 142 in 2019, mainly due to reduction of right-of-use assets.

At year-end 2020, total assets amounted to USDm 149 compared to USDm 181 in 2019.

CAPITAL STRUCTURE AND FINANCES

Equity

Shareholders' equity was USDm 26, up from USDm 12 in 2019. Solvency was 17%, up from 7% at year-end 2019.

Liabilities

Net interest-bearing debt including lease debt was reduced to USDm 105 from USDm 141 in 2019, due to reduction of lease obligations.

At year-end 2020, total liabilities amounted to USDm 149, against USDm 181 in 2019 reflecting the reduction of lease obligations.

Cash flow and financial resources

Cash flow from operating activities totalled USDm 14 compared to USDm 27 in 2019, mainly due to lower cash from operations and lower depreciations carried back.

Cash flow from investment activities amounted to USDm (1) in 2020 compared to USDm 62 in 2019, due to vessel sales during 2019.

Cash flow from financing activities amounted to USDm (17) compared to USDm (88) in 2019. The improvement was mainly due to reduced installments on lease debt.

Cash and cash equivalents at year-end amounted to USDm 8 compared to USDm 11 in 2019.

In addition to the cash and cash equivalents, Lauritzen Bulkers has an uncommitted overdraft facility for multi-currency short-term financing needs. At year-end, USDm 6 was undrawn.

Management *statement*

The board of directors and executive management have today discussed and approved the annual report of Lauritzen Bulkers A/S for the financial year 1 January - 31 December 2020.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and Parent Company at 31 December 2020 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results for the year, cash flows and financial position as well as a description of material risks and uncertainties that the Group and Parent face.

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

Hellerup, 10 March 2021

EXECUTIVE MANAGEMENT

NIELS JOSEFSEN
Chief Executive Officer (CEO)

BOARD OF DIRECTORS

TOMMY THOMSEN
Chairman

KRISTIAN V. MØRCH
Vice Chairman

BARBARA PLUCNAR JENSEN

PETER POUL LAURITZEN BAY

ADAM PEDERSEN NORDHALD*

* Elected by the employees

Independent *auditors' report*

To the shareholders of Lauritzen Bulkers A/S

Opinion
We have audited the consolidated financial statements and the parent company financial statements of Lauritzen Bulkers A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies for the Group and Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and Parent Company at 31 December 2020 and of the results for the Group and Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group and Parent Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the management's review
Management is responsible for the management's review.
Our opinion on the financial statements does not cover the management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the 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 the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the management's review.

Management's responsibilities for the financial statements
Management is responsible for the preparation of the consolidated financial statements and the parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 Group and Parent 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 Group and Parent 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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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 Group and Parent 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 Group and Parent 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 Group and Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 10 March 2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Torben Bender
State Authorised
Public Accountant
MNE no. 21332

Consolidated financial statements

Notes

Income Statement

USD '000	Note	2020	2019
Revenue	2.1	388,148	409,203
Voyage related costs		(168,630)	(166,232)
Time-charter equivalent income		**219,518**	**242,972**
Other operating income		64	353
Hire of chartered vessels	2.2	(132,454)	(114,175)
Operating costs of vessels	2.3	(42,873)	(72,756)
Administrative costs	2.3	(16,398)	(19,780)
Operating income before depreciation (EBITDA) and special items		**27,857**	**36,613**
Profit/(loss) on sale of vessels and other assets		(502)	325
Depreciation	3.1, 3.2	(36,308)	(62,012)
Share of profit in joint ventures	3.5	(263)	111
Operating income (EBIT) before special items		**(9,216)**	**(24,963)**
Special items, net	2.2	-	(44,097)
Operating income (EBIT) after special items		**(9,216)**	**(69,059)**
Financial income	4.3	1,199	734
Financial expenses	4.4	(9,848)	(19,440)
Profit/(loss) before tax		**(17,865)**	**(87,764)**
Income tax		(290)	(674)
Profit/(loss) for the year		**(18,156)**	**(88,438)**
Profit/(loss) attributable to:			
The Lauritzen Bulkers A/S's Group		**(18,156)**	**(88,438)**

Statement of Comprehensive Income

USD '000	Note	2020	2019
Profit/(loss) for the year		**(18,156)**	**(88,438)**
Items that can be reclassified subsequently to income statement:			
Other comprehensive income net of tax:			
Exchange differences on translating foreign operations		50	73
Fair value adjustment of hedging instruments during the year		653	(918)
Gain/(loss) on hedging instruments transferred to financial expenses		82	445
Other comprehensive income net of tax		**785**	**(400)**
Total comprehensive income for the year		**(17,371)**	**(88,838)**
Total comprehensive income attributable to:			
The Lauritzen Bulkers A/S's Group		(17,371)	(88,838)
		(17,371)	**(88,838)**

Balance sheet statement

ASSETS

USD '000	Note	2020	2019
Vessels, property and equipment	3.1	28,724	30,245
Right-of-use assets	3.2	68,465	99,315
Investments in joint ventures	3.4	5,083	5,083
Deferred tax assets	5.1	2,200	2,200
Long term receivables from group entities		20,018	8,966
Receivables from joint ventures		2,768	2,508
Other receivables		265	747
Non-current assets		**127,523**	**149,065**
Bunkers		4,934	11,156
Trade receivables	4.5	-	901
Other receivables		1,020	2,370
Prepayments		6,582	4,809
Derivative financial instruments	4.5	1,087	1,554
Cash and cash equivalents		7,986	10,908
Current assets		**21,609**	**31,699**
Total assets		**149,132**	**180,763**

LIABILITIES

USD '000	Note	2020	2019
Share capital		57	65,473
Retained earnings		31,358	(46,942)
Reserves		(5,706)	(6,492)
Equity	4.6	**25,709**	**12,039**
Derivative financial instruments	4.5	-	382
Other non-current liabilities		-	321
Long-term borrowings	4.1	13,310	12,561
Long-term lease obligations	3.2, 4.1	66,530	95,059
Non-current liabilities		**79,841**	**108,322**
Current portion of long-term borrowings	4.1	1,541	983
Current portion of long-term lease obligations	3.2, 4.1	31,394	39,069
Bank debt		-	4,153
Trade payables		6,764	11,308
Other payables		1,993	3,964
Derivative financial instruments	4.5	1,540	836
Current tax payables	5.1	349	89
Current liabilities		**43,582**	**60,403**
Total liabilities		**123,423**	**168,725**
Total equity and liabilities		**149,132**	**180,763**

Cash flow statement

USD '000	Note	2020	2019
Operating income before special items		(9,216)	(24,963)
Depreciation carried back		36,308	62,012
Share of profit in joint ventures		263	(6,477)
Special items with cash flow effect		-	59
(Profit)/loss on sale of vessels and other assets		502	-
Change in bunkers		7,665	3,537
Change in receivables		(8,978)	4,469
Change in payables		(4,949)	5,216
Cash flow from operations before financial items		21,594	43,853
Ingoing financial payments		514	719
Outgoing financial payments		(7,709)	(17,563)
Cash flow from ordinary operations		14,399	27,009
Paid corporate tax	5.3	(38)	(97)
Cash flow from operating activities		**14,361**	**26,912**
Sale of vessels		(502)	60,437
Sale of other non current assets		-	280
Sale of land and buildings		-	977
Cash flow from investment activities		**(502)**	**61,694**
Financial receivables		(26)	(235)
Installment on long-term debt		(9,723)	(51,466)
Proceeds from loans		1,740	10,529
Installment on lease debt (IFRS 16)		(40,134)	(47,207)
Internal debt		-	(2)
Increase in share capital		31,040	-
Cash flow from financing activities		**(17,102)**	**(88,381)**

	2020	2019
Changes for the year in cash and cash equivalents	(3,243)	225
Cash and cash equivalents at beginning of year	10,907	10,640
Currency adjustments on cash and cash equivalents	321	43
Cash and cash equivalents at the end of the year	**7,986**	**10,907**

Equity statement

USD '000	Share capital	Hedging instruments	Shares available for sale	Translation gain/loss	**Reserves**	Retained earnings	**Total equity**
Equity 1/1 2020	65,473	(744)	(52)	(5,696)	(6,492)	(46,942)	12,039
Profit/(loss) for the year	-	-	-	-	-	(18,156)	(18,156)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	50	50	-	50
Deferred (gain)/loss on hedging instruments transferred to financial expenses	-	82	-	-	82	-	82
Fair value adjustment of hedging instruments during the period	-	653		-	653	-	653
Other comprehensive income	-	735	-	50	785	-	785
Total comprehensive income	**-**	**735**	**-**	**50**	**785**	**(18,156)**	**(17,371)**
Transactions with owners:							
Change of parent company							
Capital increase	7	-	-	-	-	31,033	31,040
Share capital reduction	(65,423)					65,423	-
Total transactions with owners	**(65,416)**	**-**	**-**	**-**	**-**	**96,456**	**31,040**
Equity 31/12 2020	**57**	**(8)**	**(52)**	**(5,646)**	**(5,706)**	**31,358**	**25,709**
Equity 1/1 2019	65,473	(271)	(52)	(5,769)	(6,092)	176,860	236,241
Effect from demerger of Lauritzen Kosan A/S shares	-	-	-	-	-	(135,364)	(135,364)
Profit/(loss) for the year	-	-	-	-	-	(88,438)	(88,438)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	73	73	-	73
Deferred (gain)/loss on hedging instruments transferred to financial expenses	-	445	-	-	445	-	445
Fair value adjustment of hedging instruments during the period	-	(918)		-	(918)	-	(918)
Total other comprehensive income	-	(473)	-	73	(400)	-	(400)
Total comprehensive income	**-**	**(473)**	**-**	**73**	**(400)**	**(88,438)**	**(88,838)**
Equity 31/12 2019	**65,473**	**(744)**	**(52)**	**(5,696)**	**(6,492)**	**(46,942)**	**12,039**

Section 1
Basis for reporting

For improved presentation and relevance of the contents of the financial report the explanatory notes are gathered into sections with information of key areas, and the accounting policies and critical accounting estimates and judgments are presented in the notes to which they relate.

The general accounting policies that apply to the consolidated financial statement as a whole are described below.

NOTE 1.1 GENERAL INFORMATION

Lauritzen Bulkers A/S is a private limited company with domicile in Denmark. The consolidated financial statements for the period 1 January – 31 December 2020 comprise Lauritzen Bulkers A/S and its subsidiaries (The Group).

With effective date January 1, 2020 the activities of Lauritzen Kosan A/S were separated from the activities of Lauritzen Bulkers. The net activities of the Kosan activities were contributed from Lauritzen Bulkers A/S (formerly J. Lauritzen A/S) into Lauritzen Kosan A/S (formerly KRK 4 ApS). The shares of Lauritzen Kosan A/S were subsequently transferred from Lauritzen Bulkers A/S to the new J. Lauritzen A/S, a newly established company that is now the parent company of the J. Lauritzen Group.
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class C, large enterprises.

Intra-group business combinations
In connection with business combinations such as acquisition and disposal of equity investments, mergers, demergers, addition of assets and exchange of shares, etc., involving enterprises controlled by the parent company, the uniting-of-interests method is used. Differences between the agreed consideration and the carrying amount of the acquired net assets are recognised directly in equity. Moreover, comparative figures for previous financial years are restated.

NOTE 1.2 CHANGE IN ACCOUNTING POLICIES AND NEW FINANCIAL REPORTING STANDARDS

With effective date 1 January 2020, we have adopted the standards and interpretations that became effective in EU from 2020. None of the changes in the IFRS's has affected recognition or measurement in 2020.

NOTE 1.3 GENERAL ACCOUNTING POLICIES

Basis of preparation
The financial statements are presented in US dollars, which is Lauritzen Bulkers's functional currency. All amounts have been rounded to the nearest thousand.

The accounting policies set out below have been applied consistently by all Group entities and to all periods presented in these consolidated financial statements.

Materiality in financial reporting
In preparation of the Annual Report, Management considers the presentation of financial statements to ensure content is relevant and material for the user. A judgment is made of whether more detailed specifications are necessary in the presentation of the Groups financial position and results or whether an aggregation of less material amounts is preferred. The notes to the financial statement are prepared with focus on ensuring that the content is relevant and the presentation clear. All judgments are made with due consideration of legislation.

Basis of consolidation
The consolidated financial statements comprise the Parent Company, Lauritzen Bulkers A/S, and subsidiaries controlled by the Parent Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are in substance exercisable or convertible are considered when assessing whether the Group has control or significant influence over another entity.

Enterprises in which the Group has a significant influence, but not control over the financial and operating policies are classified as associates.

Enterprises in which the Group has joint controlling influence with one or more business partners are classified as joint ventures.

Joint ventures and associates are recognised using the equity method.

The Consolidated Financial Statements are prepared on the basis of the financial statements of the Parent Company and its subsidiaries, by combining items of a uniform nature and eliminating inter-company transactions and balances and are based on financial statements prepared in compliance with the Group's accounting policies.

NOTE 1.3 GENERAL ACCOUNTING POLICIES CONTINUED

Acquisitions, disposals and entities formed during the year are included in the Consolidated Financial Statements during the period of the Group's control or significant influence. Comparative figures are not adjusted for acquisitions.

Translation of foreign currencies
Items included in the Consolidated Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into the functional currency at the exchange rate of the date when initially recognised. Gains and losses arising between the exchange rate of the transaction date and that of the settlement date are recognised in the income statement under financial items.

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 then prevailing. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in the income statement under financial items.

The results and financial position of any Group entity that has a functional currency different from Lauritzen Bulkers presentation currency are translated into the presentation currency as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on consolidation are translated at the closing rates at the date of the balance sheet.
- Income and expenses for each income statement are translated at exchange rates approximating the exchange rate of the date of transaction date, and all resulting exchange differences are recognised as a separate component of equity.

- Exchange differences arising from the translation of the net investment in foreign subsidiaries, associates, joint ventures and of borrowings or other currency instruments relating to hedging such investments are recognised in other comprehensive income in the translation reserve of equity. Exchange differences are released to the income statement upon disposal of the net investment.

Cash flow statement
The cash flow statement has been prepared according to the indirect method and shows the cash flows from operating, investing and financing activities for the year.

Cash and cash equivalents include bank deposits and short-term deposits that without restriction can be exchanged into cash funds.

NOTE 1.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements includes management estimates and judgments that affect the recognition and carrying amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported performance. Estimates and judgments are based on historical data and other assumptions and sources that are considered reasonable. Actual results could differ from those estimates and judgments.

The following items have been identified as significant accounting estimates and judgments used in the preparation of its consolidated financial statements, they are presented in the related notes:

Critical accounting estimates and judgments:
- Estimated useful life and residual value of vessels – note 3.1
- Assumptions used in calculating right of use assets and lease liabilities - note 3.2
- Impairment test of non-current assets and lease commitments – note 3.3

Critical accounting judgments:
- Special items – note 2.2
- Joint ventures – note 3.4
- Tax – note 5.1

Methods for determination of fair value
A number of assets and liabilities are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods for determination of fair value for measurement and/or disclosure purposes are described in the relevant notes.

General business risk and the impact on financial position

Strengthened risk management
During 2020, our risk management capabilities were significantly strengthened by implementing a new risk framework. The new framework includes an in-house developed risk management system which integrates with our proprietary portfolio management system and route calculation system. The framework provides a live overview of our exposure days, position values and other relevant risk parameters.

The risk framework assists us in building up our forward positive book values and ensures realising

NOTE 1.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS CONTINUED

values. The risk framework systems are used to report directly to our board of directors to ensure that executive management is within the given risk mandate.

In addition, we have established a dedicated risk team which is responsible for identifying, monitoring and analysing our risk position at any given time. The risk management team has the mandate and obligation to challenge the position and assist our chartering team in taking more data-driven and risk-mitigating decisions, with the aim of reducing exposure and optimising profits.

The new risk management approach is an ongoing process where constant development is needed to ensure the risk framework is aligned with the business model and fluctuations in the dry bulk market.

The risk framework is considered a core business asset generating operational value and profits.

Commercial risk
We focus on creating value by managing our commercial risks through newly established risk tools that monitor the risk mandate given by the board of directors.

The central element of our business model is to take positions, and therefore exposure, through commercial commitments to own and charter in tonnage and to carry cargo.

Commercial exposure comes from risk factors common for cyclical, global industries like ocean shipping: essentially, demand and supply. Demand for seaborne transportation of raw materials and energy typically fluctuates with global economic growth. On the contrary is the supply of tonnage, where capacity only adapts at a slow pace. These factors have a direct impact on profit and financial strength through volatility in market rates, base margin and vessel values.

The combination of an analytical and data-driven approach, combined with in-house market research and local market knowledge, enables us to take strong and risk-calculated market positions that increase profits. The focus has changed towards taking short-term positions that can be managed more easily.

Financial risk
Financial risk arises from payment obligations, from maturing debt raised to finance assets, from cash flows in currencies other than USD and from credit risk related to financial counterparties either through holding our deposits or in their role as counterparty to hedging.

Liquidity is managed to ensure availability of funds to cover daily flows. The liquidity management is supplemented with forecasts on changes in Group liquidity.

The bank facilities financing LB's own fleet have maturity in 2023 and were refinanced during 2020.

Based on the expected non-USD costs for the next 12 months, Lauritzen Bulkers hedges 50–70% of its currency exposure. Most of the currency exposure on non-USD debt (principal) is hedged into USD. Risk related to floating interest rates is 40–60% hedged into fixed rate. The management of currency and interest rate risks remained unchanged in 2020.

Bunker price risk
Due to oil price volatility, we have decided to establish a new bunker management system, scheduled to be implemented during 2021. The system will provide an accurate and up-to-date overview of our total bunker position and improve our bunker hedging even further, thereby reducing the exposure to bunker price risk.

NOTE 1.5 NEW ACCOUNTING REGULATIONS FOR FUTURE IMPLEMENTATION

The IASB has issued a number of new or revised accounting standards (IAS and IFRS) and interpretations (IFRICs), that are not compulsory for the Group in the preparation of the financial statements for 2020. None of the issued accounting standards and interpretations are expected to have influence on the financial reporting for the Group. We expect to implement the standards and interpretations on effective date as issued by the IASB subject to their endorsement by the EU.

NOTE 1.6 KEY FIGURES, FINANCIAL RATIOS, AND NON-IFRS MEASURES

The Income statement includes financial measures which are not defined by IFRS. These measures are included because they are used to analyse and manage the business and to provide management and stakeholders with useful information on the Group's Income statement.

Time-charter equivalent income is defined as revenue less voyage related costs.

EBITDA before special items is defined as Operating income before depreciation and special items.

Profit margin is calculated as operating income before special items excl. share of profit in joint ventures divided by revenue.

Solvency ratio is calculated as total equity at year end divided by total assets at year end.

Return on equity is calculated as Lauritzen Bulkers share of profit/(loss) divided by Lauritzen Bulkers average share of equity.

Invested capital is total assets less cash, securities, non-operational assets and non-interest-bearing current liabilities.

Return on invested capital is calculated as operating income after special items divided by average invested capital.

Net interest-bearing debt (NIBD) is interest-bearing liabilities, less subordinated loan, interest-bearing assets and cash.

NIBD/EBITDA is calculated as NIBD divided by operating income before depreciations and special items.

Section 2
Operating activities

NOTE 2.1 REVENUE

The revenue reported represents revenue from customers.

USD '000	2020	2019
Freight revenue	305,815	300,382
COA revenue	12,024	11,722
Time charter revenue	70,308	91,202
Total	**388,148**	**403,307**

ACCOUNTING POLICIES

Revenues
Revenue consist of three types of contracts with customers; spot contracts with carriage of a specific quantity of cargo in a single voyage, Contract of Affreightment (COA) with carriage of a certain quantity of cargo with multiple voyages over a specified period of time, and time-charter contracts of vessels. Each voyage is recognized as a performance obligation no matter if it is part of a spot contract or a COA.

The transaction price is agreed with the customer for all types of contracts. The voyage result (revenue and voyage related costs) is recognised during the voyage based on estimates of costs and the duration of the voyage. Revenue is recognized using load to discharge method and revenue is recognized during the time the cargo is transported.

In addition, revenue comprises changes in fair value on forward freight agreements (FFA) used to hedge future freight income. Hedge accounting is not applied for these transactions.

Voyages in progress
Revenue is recognized as a percentage of the estimated revenue for the voyage based on the percentage of completion of the estimated duration of the voyage. There is a higher uncertainty for revenue recognized from voyages in progress compared to completed voyages, as conditions can change for the estimated uncompleted part of the voyage.

Voyage related costs
Voyage related costs include bunker oil, port costs, agent's commissions and other voyage related costs. Furthermore, voyage related costs include fair value changes on financial bunkers contracts used to hedge future bunkers purchases. Hedge accounting is not applied for these transactions.

Time-charter equivalent income
The time-charter equivalent income is an industry specific key ratio, consisting of revenue less voyage-related costs.

Other operating income
Other operating income includes commercial and technical management fee.

Operating cost of vessels
Operating cost of vessels includes maintenance and repairs, crew staff costs, insurance of hulls and machinery, consumption of lubricants and supplies etc. Furthermore, a part of the lease payments on time charters is considered a service element and recognised as OPEX after implementation of IFRS 16 Leases.

NOTE 2.2 SPECIAL ITEMS

To increase the comparability of the operating activities, a number of one-off items have been recognised as special items:

USD '000	2020	2019
A) One-off revenue from sale of claims, claim settlements and termination of contracts	-	59
B) Impairment losses/reversals on vessels	-	(14,156)
B) Impairment losses on right-of-use assets	-	(30,000)
E) Financial items related to termination of contracts	-	-
Special items, net	**-**	**(44,097)**

If special items had been included in the operating profit before special items, they would have been included in the Income Statement as follows:

Income statement - condensed

USD '000		2020	2019
Revenue	A)	388,148	409,262
Other operating income		64	353
Costs	C)	(360,355)	(372,943)
Operating income before depreciation (EBITDA)		**27,857**	**36,672**
Profit/(loss) on sale of assets		(502)	325
Depreciation and impairment losses	B)	(36,308)	(106,167)
Share of profit in joint ventures	D)	(263)	111
Operating income		**(9,216)**	**(69,059)**
Net financial items	E)	(8,650)	(18,705)
Profit/(loss) before tax		**(17,865)**	**(87,764)**
Income tax		(290)	(674)
Profit/(loss)		**(18,156)**	**(88,438)**

ACCOUNTING POLICIES

“Special items” include significant one-off income and expenses, such as revenue from sale of claims and claim settlements and compensation from termination of contracts, sale of assets as a consequence of counterparty default or strategic initiatives, impairment losses on vessels and on investments in joint ventures as well as provisions for onerous contracts and the use and reversals hereof. These items are presented separately in the income statement to increase the transparency and comparability of the operating activities.

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

The use of special items entails management judgment in the separation from other items in the income statement. Management carefully considers such changes in order to ensure the correct distinction between the operating activities and one-off items.

NOTE 2.3 STAFF COSTS

	Staff costs onshore employees [1]		Staff costs, crew on vessels [2]		Total staff costs	
USD '000	**2020**	2019	**2020**	2019	**2020**	2019
Salaries	9,303	9,875	1,465	6,647	10,768	16,522
Pensions (defined contribution plan)	776	824	-	-	776	824
Social security	332	244	-	-	332	244
Contract labour	9	8	-	-	9	8
Total	**10,420**	**10,952**	**1,465**	**6,647**	**11,886**	**17,598**

1) Included in "Administrative costs"
2) Included in "Operating costs of vessels"

	Number of employees, onshore		Number of employees, crew on vessels		Number of employees, total	
	2020	2019	**2020**	2019	**2020**	2019
Average number of employees	63	68	52	125	115	193
Number of employees at year end	65	69	52	52	117	121

USD '000	**2020**	2019*
Remuneration to Lauritzen Bulkers A/S' Board of Directors & Executive Management*	587	1,463
	587	**1,463**

* Comparison figures not restated due to compliance regulations

Section 3
Operating assets and liabilities

NOTE 3.1 VESSELS, PROPERTY & EQUIPMENT

USD '000 2020	Vessels	Land & buildings	Machinery, tools and equipment	Total
Cost as at 1 January	109,168	331	10,153	119,653
Exchange rate adjustments	-	(21)	(1)	(22)
Disposals	-	(731)	6	(725)
Cost as at 31 December	109,168	(421)	10,159	118,906
Depreciation and impairment losses as at 1 January	(80,360)	(331)	(8,717)	(89,407)
Exchange rate adjustments	-	21	1	22
Depreciation	(1,514)	-	(14)	(1,527)
Disposals	-	731	-	731
Depreciation and impairment losses as at 31 December	(81,873)	421	(8,730)	(90,182)
Balance as at 31 December	**27,295**	**-**	**1,428**	**28,724**

USD '000 2019	Vessels	Land & buildings	Machinery, tools and equipment	Total
Cost as at 1 January	114,749	1,954	10,157	126,860
Exchange rate adjustments	-	(18)	(4)	(22)
Additions	-	-	1	1
Disposals	(5,580)	(1,605)	-	(7,185)
Cost as at 31 December	109,168	331	10,153	119,653
Depreciation and impairment losses as at 1 January	(67,545)	(942)	(8,702)	(77,189)
Exchange rate adjustments	-	18	1	19
Depreciation	(4,240)	(34)	(17)	(4,291)
Impairment losses	(14,156)	-	-	(14,156)
Disposals	5,580	628	-	6,208
Depreciation and impairment losses as at 31 December	(80,360)	(331)	(8,717)	(89,407)
Balance as at 31 December	**28,809**	**-**	**1,436**	**30,246**

ACCOUNTING POLICIES

Vessels
Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Vessels are depreciated on a straight-line basis to an estimated scrap value. The expected useful life of vessels is 25 years.

Rebuilding of vessels is capitalised if the rebuilding is intended to extend the service life and/or improve the earning potential. Rebuilding is depreciated over the expected service life of the investment.

Costs relating to dry dockings are capitalised and depreciated on a straight-line basis. The expected useful life of dry dockings ranges from 30 to 60 months.

Vessels under construction are measured at cost incurred until the time the vessel is taken into service less accumulated impairment losses.

Land
Land is measured at cost. Land is not depreciated.

Buildings
Buildings are measured at cost less accumulated depreciation and accumulated impairment losses. Buildings are depreciated on a straight-line basis. Expected useful life of buildings is 50 years.

Machinery, tools and equipment
Machinery, tools and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Machinery, tools and equipment are depreciated on a straight-line basis. Expected useful life of machinery, tools and equipment is 5-10 years.

NOTE 3.1 VESSELS, PROPERTY & EQUIPMENT. ACCOUNTING POLICIES CONTINUED

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

Estimated useful life and residual value of vessels
The estimated useful life and residual value of vessels are assessed annually and adjusted if appropriate. The residual value is based on estimates on steel value less costs to scrap. Estimated useful life of vessels is 25 years and the useful life of dry dockings range from 30 to 60 months.

There has been no significant impact on profit/loss arising from changes in estimated useful life or residual value in 2019 or 2020..

NOTE 3.2 LEASES / RIGHT OF USE ASSETS

USD '000 **2020**	Vessels	Land & buildings	Total
Balance as at 1 January	98,988	327	99,315
Additions	2,852	1,077	3,930
Depreciation during the year	(34,073)	(708)	(34,781)
Balance as at 31 December	**67,768**	**697**	**68,465**

USD '000 **2019**	Vessels	Land & buildings	Total
Balance as at 1 January	-	-	-
Effect of transition 1 January	169,894	1,315	171,208
Additions	10,127	-	10,127
Depreciation during the year	(51,032)	(987)	(52,019)
Impairment losses	(30,000)	-	(30,000)
Balance as at 31 December	**98,988**	**327**	**99,315**

NOTE 3.2 LEASES / RIGHT OF USE ASSETS CONTINUED

Lease obligations

USD '000	2020	2019
Maturity of lease obligations:		
<1 year	41,879	49,051
1-5 years	77,988	117,674
> 5 years	1,944	4,137
Total un-discounted lease obligation in Balance sheet statement 31 December	121,811	170,862
Lease obligation in Balance sheet statement	**97,924**	**134,128**
Short-term obligation	31,394	39,069
Long-term obligation	66,530	95,059
Obligation on service element of lease contracts not recognised	92,190	175,547

Lease amounts recognised in the Income statement

USD '000	2020	2019
Costs related to short-term leases (less than 12 months)	(132,454)	(128,059)
Service element not recognised as part of the lease obligation (opex)	(39,691)	(49,696)
Depreciations related to right-of-use assets	(34,781)	(66,533)
Interest expenses related to lease obligations	(8,380)	(16,556)

In 2020 the Group has paid USDm (108.2) related lease contracts recognised at the balance sheet, hereof interest of USDm (12.1) and repayment of lease obligations of USDm (55.2), while the service element not included in the recognised lease contracts amounts to USDm (41.7).

ACCOUNTING POLICIES

Right of use assets are arising from lease agreements with a duration of more than 12 months. Lauritzen bulkers have lease contracts on vessels and an office building. The lease contracts are recognised as right-of-use assets and lease liabilities measured as the present value of lease payments at initial recognition (when the asset is available for use for the Group). A service element corresponding to OPEX on a similar vessel is excluded from the lease at recognition.

The lease expenses are recognised as OPEX, depreciation of the right of use asset and interest expenses. The right-of-use assets are depreciated on a straight-line basis over the lease term.

The cash flow related to repayment of the lease obligation is classified as cash flow from financing activities and interest expenses are classified as cash flow from operating activities.

Definitions:
- Leases: A firm period above 12 months, with no redelivery options prior to the firm period and with full control of the asset. All leases have been assessed, and low value leased are excluded.
- Discount rates: The discount rate is calculated as a weighted average of the secured and unsecured borrowing rate for a like to like asset. The discount rate is calculated in nominal terms as the cash flows are also in nominal terms based on a 60/40 loan ratio.
- Service elements: The lease commitment is reduced by the service element that has been estimated as the average vessel operating cost of a like to like asset on market terms.

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

Recognition of the right of use assets implies assumptions and estimates about the lease, related to lease term, service element and discount rate.

Lauritzen Bulkers includes the minimum lease period according to the contract, options to extend the lease term is only included if it is highly probable that the option will be exercised.
When calculating the right of use asset, the lease is reduced by a service element corresponding to estimated average vessel operating cost of a like to like asset.

The lease contracts do not include interest rates, therefore the right of use asset and corresponding lease obligation is discounted by assessing Lauritzen Bulkers alternative borrowing rate. The discount rate is estimated based on a weighted average of secured and unsecured borrowing rates including margins and assessments on the capital structure.

NOTE 3.3 IMPAIRMENT OF ASSETS

Impairment test 2020

For Lauritzen Bulkers, the impairment test at year end 2020, resulted in book values being supported by value in use of the vessels.

ACCOUNTING POLICIES

Impairment

The carrying amount of fully owned and leased vessels (right of use assets) and vessels under construction together with part owned vessels through investments in joint ventures and associates are tested annually for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses of assets within a CGU are allocated to the carrying amount of the assets in the CGU on a pro rata basis to the higher of fair value less cost to sell and value in use. Provisions are made for onerous time charter contracts on leased vessels that are not yet delivered if the total carrying amount of the assets in the CGU still exceeds the value in use of the CGU after allocation of impairment loss. Provisions are made to individual contracts, if net present value from an individual contract is negative.

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

Impairment test of non-current assets and right of use assets

The impairment test is carried out at the lowest level for which there are separately identifiable cash inflows (cash generating units, CGU).

The CGUs applied in the impairment test for 2020 are identical to those applied for 2019:

Lauritzen Bulkers	Small bulk carriers

Fair value less costs of disposal is estimated by use of at least two independent broker valuations (considered level 3 in fair value hierarchy), and value in use is calculated as present value of future cash flows to be derived from the vessels and other non-current assets during their useful life.

The key assumptions used in the impairment test include estimated future earnings (including charter income, COAs and estimated risk adjusted spot rates for open ship days), operating costs, counterparty risk, the composition of CGUs and the rate used to discount future cash flows. The estimated future earnings are based on internal forecasts in which input presented by ship broking research units and consultants are taken into consideration.

For Bulk Carrier CGU's we use a nominal risk adjusted weighted average cost of capital of 9.2% equal to 7.0% in real terms after tax to discount deflated future cash flows. In 2019 we used a nominal risk adjusted weighted average cost of capital of 9.4% equal to 7.1% in real terms after tax to discount deflated future cash flows for Bulk Carriers CGU's. Due to tonnage tax regulations, the pre-tax weighted average cost of capital corresponds to the weighted average cost of capital after income taxes.

NOTE 3.4 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

USD '000	**2020**	2019
Cost as at 1 January	5,245	5,245
Cost as at 31 December	5,245	5,245
Revaluation as at 1 January	(6,511)	(6,838)
Revaluations during the year	(263)	327
Revaluation as at 31 December	(6,774)	(6,511)
Balance as at 31 December	(1,529)	(1,266)
Negative equity settled against receivable from joint ventures	6,612	6,349
Balance as at 31 December	**5,083**	**5,083**

Key figures for joint ventures (100%):

USD '000	**2020**	2019
Revenue	7,606	8,143
Net profit	(588)	626
Assets	27,597	49,379
Liabilities	20,286	41,699
Group's share of net profit	(235)	355
Internal profit/loss	(28)	(28)
Net profit in joint ventures	(263)	327
Group's share of equity	5,160	5,395
Internal profit/loss	(6,689)	(6,661)
	(1,529)	(1,266)

ACCOUNTING POLICIES

Share of profit in associated companies and joint ventures
The proportionate share of the net profit after tax in associated companies and joint ventures, after the elimination of proportional share of internal profit/loss is recognised in the income statement.

Investments in associated companies and joint ventures
Investments in associates and joint ventures are recognised according to the equity method of accounting.

Any goodwill resulting from the acquisition is included in the carrying value of the investment. The investments in associates and joint ventures are tested annually for impairment.

Associates and joint ventures with negative equity are measured at USD 0 (nil), unless the Group has a legal or constructive obligation to cover the negative balance of the associate.

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

The assessment of the level of control in an investment and thereby the classification of an investment as subsidiaries, associates or joint ventures is based on managerial judgment.

NOTE 3.5 WORKING CAPITAL

USD '000	**2020**	2019
Bunkers	4,934	11,156
Trade receivables	-	901
Other receivables	1,020	2,370
Prepayments	6,582	4,809
Total working capital assets	12,536	19,236
Trade payables	6,764	11,308
Other payables	1,991	-
Total working capital liabilities	8,756	11,308
Net working capital	**3,780**	**7,928**

Section 4
Capital structure and financing

NOTE 4.1 LONG-TERM BORROWINGS

	2020						
USD '000	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year	Total
Mortgages on vessels *	(1,522)	(1,522)	(11,808)	-	-	-	(14,852)
Lease liabilities	(31,394)	(27,616)	(24,913)	(10,137)	(1,984)	(1,881)	(97,924)
Total long-term borrowings	**(32,915)**	**(29,138)**	**(36,721)**	**(10,137)**	**(1,984)**	**(1,881)**	**(112,776)**

	2019						
USD '000	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year	Total
Mortgages on vessels *	(983)	(10,206)	(1,170)	(1,186)	-	-	(13,544)
Lease liabilities	(39,069)	(28,469)	(27,675)	(24,913)	(10,137)	(3,865)	(134,128)
Total long-term borrowings	**(40,053)**	**(38,675)**	**(28,844)**	**(26,099)**	**(10,137)**	**(3,865)**	**(147,672)**

* The bank facilities include covenants customary to ship finance, including:
- Security maintenance: Ratio between security and outstanding debt in the particular facility minimum 135%.
- Financial covenants: Value-adjusted consolidated solvency ratio of minimum 30%, consolidated liquidity of USD 2m, and consolidated working capital ratio to be higher than one.

Calculation of ratios to exclude IFRS 16. We complied with all covenants at year end 2020, like in previous years.

USD '000	Currency	Fixed/ Variable	Interest rate fixation	Average effective interest rate excl. hedging	Average effective interest rate incl. hedging	Book value
2020						
Bank debt:						
Mortgages on vessels	USD	Variable	3-6 months	2.90%	2.91%	(14,852)
Other financing:						
Lease liabilities	USD	Fixed	0-60 months	7.30%	N/A	(97,924)
Total						**(112,776)**
2019						
Mortgages on vessels	USD	Variable	3-6 months	4.51%	4.90%	(6,658)
Mortgages on vessels	JPY	Variable	6 months	2.00%	2.54%	(6,887)
				4.38%	4.78%	(13,544)
Other financing:						
Lease liabilities	USD	Fixed	0-60 months	7.78%	N/A	(134,128)
Total						**(147,672)**

NOTE 4.1 LONG-TERM BORROWINGS CONTINUED

Currency exposure on non-USD long-term borrowings, net of hedging:

	2020			2019		
USD '000	Book value	Currency hedging derivatives	Net currency exposure on loan	Book value	Currency hedging derivatives	Net currency exposure on loan
JPY	-	-	-	(6,887)	4,000	(2,887)
Total	**-**	**-**	**-**	**(6,887)**	**4,000**	**(2,887)**

Interest exposure on long-term borrowings to floating interest rates:

USD '000	2020	2019
Total long-term borrowings (including current portion)	(14,852)	(13,544)
Hereof amortised transaction costs	141	782
Floating interest borrowings	(14,992)	(12,763)
Interest rate swaps floating to fixed, nominal	7,496	6,772
Exposure to floating interest rates at year end	**(7,496)**	**(5,991)**

Changes in liabilities arising from financing activities

USD '000 **2020**	Mortage on vessels	Leases of vessels	Total liabilities from financing activities
Book value 1 of January	(13,544)	(134,128)	(147,672)
Lease additions during the year	-	(3,930)	(3,930)
Repayment (Cash flow)	(486)	40,134	39,648
Foreign exchange movement	(128)	-	(128)
Capitalisation of loan cost	162	-	162
Amortised transaction costs	(860)	-	(860)
Balance as at 31 December	**(14,856)**	**(97,924)**	**(112,780)**

USD '000 2019	Mortage on vessels	Leases of vessels	Total liabilities from financing activities
Book value 1 of January	(50,284)	-	(50,284)
Transition to IFRS 16	-	(181,335)	(181,335)
Repayment (Cash flow)	51,466	47,207	98,673
Proceeds (Cash flow)	(10,619)	-	(10,619)
Foreign exchange movement	(1,191)	-	(1,191)
Amortised formation costs	(2,917)	-	(2,917)
Balance as at 31 December	**(13,544)**	**(134,128)**	**(147,672)**

ACCOUNTING POLICIES

Mortgage debt and other interest-bearing debt are initially recognised at fair value less any transaction costs incurred. Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method, such that the difference between the proceeds and the redemption value is recognised in the income statement over the lifetime of the loan.

Lease obligations are initially recognised as the net present value of future lease payments discounted by an alternative incremental borrowing rate, and reduced by a service element, corresponding to OPEX on leased vessels. The lease obligation is remeasured if there are changes in the lease term.

NOTE 4.2 MORTGAGES

USD '000	2020	2019
Debt for a total of	14,852	13,544
is secured by mortgages on assets at the following book values:		
Vessels	27,295	28,809

NOTE 4.3 FINANCIAL INCOME

USD '000	2020	2019
Interest income, bank deposits	415	641
Other financial income	100	93
Currency exchange gains and losses, net	660	-
Financial instruments at FV through P&L, net	25	-
Financial income	**1,199**	**734**

NOTE 4.4 FINANCIAL EXPENSES

USD '000	2020	2019
Interest expenses on loans	(1,292)	(5,969)
Interest expenses on leases	(8,380)	(11,008)
Other financial expenses	(176)	(144)
Currency exchange gains and losses, net	-	(1,873)
Financial instruments at FV through P&L, net	-	(445)
Financial expenses	**(9,848)**	**(19,440)**

NOTE 4.3 / 4.4 FINANCIAL INCOME/EXPENSES

ACCOUNTING POLICIES

Financial items include interest income and expenses, interest on leased assets, realised and unrealised exchange gains and losses, adjustments to the value of securities and certain financial instruments and other financial income and expenses.

Borrowing costs directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the asset.

NOTE 4.5 FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Through its operations, investments and financing, the Group is exposed to certain financial risk; this financial risk relates to and is defined as follows:

Liquidity risk	The risk that the Group is not able to meet its future cash flow needs.
Market risk	The risk of losses in financial positions arising from movements in market prices to which Lauritzen Bulkers is exposed.
Credit risk	The risk of incurring a financial loss if a customer or counterparty fails to fulfill its contractual obligations.

Financial risks are regularly assessed and prioritised based on how likely they are to occur and their potential impact. As defined by the board of directors, overall policies and objectives for financial risks were generally unchanged from 2019.

Liquidity risk

Liquidity is managed at Group level and monitored on a day-to-day basis to ensure that sufficient funds are available to cover daily flows.

Liquidity forecasts are produced and updated regularly based on forecasts on operational cash flows, net financing cash flow, CAPEX and investment commitments. Sensitivity analysis and stress tests are performed regularly.

At year-end 2020, cash and cash equivalents amounted to USDm 8. An unsecured, uncomitted overdraft facility for multi-currency short-term financing needs is in place. At year end, DKKm 16 was undrawn.

The Group's loan portfolio consists of traditional mortgage-backed ship finance.

The Group's loan agreements include a minimum value clause (MVC) where cash security has to be pledged if outstanding loan to market value reaches a certain limit. At year-end 2020, the Group had pledged USDm 0m related to MVC in loan agreements (2019: USDm 0). There were no breaches of credit facilities at year end in 2020 and 2019. Should vessel values decrease by 10% during 2021 compared to the December 2020-valuations, nil would be required by year-end 2021 as additional security.

Below is a maturity analysis of the financial liabilities at year-end 2020. A maturity analysis of lease obligations is also included in note 3.2.

USD '000

2020	Carrying amount	Contractual cash flow	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year
Interest-bearing debt *	(112,776)	(125,952)	(37,179)	(34,989)	(38,853)	(10,789)	(2,193)	(1,950)
Trade and other payables	(8,758)	(8,758)	(8,758)	-	-	-	-	-
Derivatives, liabilities at fair value	(1,540)	(1,541)	(1,540)	(0)	(0)	-	-	-
Total at 31 December 2020	**(123,074)**	**(136,251)**	**(47,477)**	**(34,989)**	**(38,853)**	**(10,789)**	**(2,193)**	**(1,950)**
2019								
Interest bearing debt *	(147,672)	(168,830)	(41,790)	(48,702)	(36,467)	(29,164)	(10,652)	(2,056)
Trade payable and other payables	(15,272)	(15,272)	(15,272)	-	-	-	-	-
Derivatives, liabilities at fair value	(836)	(836)	(836)				-	-
Total at 31 December 2019	**(163,780)**	**(184,938)**	**(57,898)**	**(48,702)**	**(36,467)**	**(29,164)**	**(10,652)**	**(2,056)**

* Contractual cash flow includes undiscounted interest payments based on interest levels at year-end.

NOTE 4.5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS CONTINUED

Derivatives are recognised at fair value. Positive and negative fair values of derivatives are presented in the statement of financial position in separate line items, and offsetting is made only when the Group has the right and intention to settle several derivatives net.

Fair value hedge
Changes in the fair value of derivatives designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability. Hedging of future cash flows relating to firm commitments are treated as fair value hedges.

Cash flow hedge
Where a derivative financial instrument is designated as a hedge of a highly probable forecasted transaction, the effective part of any gain or loss on it is recognised in other comprehensive income in the hedging reserve of equity. When the forecasted transaction is subsequently realised, the associated cumulative gain or loss is reclassified from other comprehensive income in the hedging reserve of equity to the income statement in the same period or periods during which the hedged forecasted transaction affects profit or loss. The ineffective part of any gain or loss is recognised in the income statement immediately.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in other comprehensive income in the hedging reserve of equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is immediately recognised in the income statement.

Net investment hedge
Derivatives used to hedge net investments in foreign subsidiaries, associates or joint ventures are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain and loss relating to the ineffective portion is immediately recognised in the income statement.

Derivatives that do not qualify for hedge accounting
For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as they occur.

Methods for determination of fair value – derivatives
The fair values of derivative instruments are based on their listed market price, if available, or estimated using appropriate market rates prevailing at the balance sheet date.

Financial assets
Investments are classified in the following categories:

- Financial assets at fair value through profit or loss (financial derivatives)
- Loans and receivables

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date to the extent that such a designation is permitted and required. Financial assets classified at fair value through profit or loss is investments that are measured and reported at fair value in the internal management reporting.

Financial assets at fair value through profit or loss
Comprise financial derivatives on which hedge accounting is not applied and securities which is classified as such on initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in Trade receivables and Other receivables in the statement of financial position. Trade receivables and Other receivables are stated at amortised cost. Trade and other receivables are measured using the ECL method, and expected losses are recognized in the profit and loss.

Recognition and measurement of financial assets
Purchases and sales of investments are recognised on the settlement date. Investments are initially recognised at fair value plus transaction costs for all financial assets not classified as fair value through profit or loss.

Market risks
Market risk is the risk of losses on financial positions arising from movements in market prices to which the Group is exposed through financial instruments. Market risk is regularly assessed and prioritised based on how likely they are to occur and their potential impact. Based on this assessment, the following market risk factors are considered significant for the Group:

Currency risk - Operational cash flow
Currency risk from operations is related non-USD costs where DKK expenses are the largest contributor.
Currency risk - Investments
Relates to the risk of contractual commitments in non-USD. At year-end 2020, the Group had no non-USD commitments on newbuildings.
Currency risk - Financing
Relates to long-term borrowing in non-USD. Group had no long-term borrowings denominated in non-USD.
Currency risk - Long-term borrowings
The long-term floating rate borrowings are fixed to a large extent (50%) using interest rate swaps.

To a minor extent the Group is exposed to other market risk factors that are considered less significant. These include risk on financial instruments related to share prices, oil prices and freight rates (FFA). We use derivatives to hedge oil and freight rates when applicable. The fair value of these instruments is disclosed in the table "Derivative financial instruments".

Below is a description of how we manage the significant market risk factors and perform sensitivity analysis of the exposure.

Sensitivity information is calculated at balance sheet date and comprises only sensitivity relating to financial instruments, so the amounts disclosed do not necessarily give a complete picture of the Group's risk relating to changes in currency rates and interest rates.

Currency risk

The operating and reporting currency is USD and thus all amounts are recorded and reported in USD. Matching income and expenses and assets and liabilities minimises the net currency risk, leaving net positions to be focused on.

Our policy is to use derivative instruments to hedge the currency risks relating to net non-USD cash flows from operating activities, investments and financing. The general hedging policy is approved by the board of directors.

The hedging strategy for operating costs is based on estimated annual net non-USD cash flows, i.e. 12 months rolling cash flow. Hedge accounting is not applied to forward contracts relating to future costs in non-USD currencies.

Please refer to note 4.1 for further disclosure of the currency exposure of long-term borrowings and hedging hereof.

Sensitivity of currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flows from financial instruments as a result of fluctuations in exchange rates on the balance sheet date. Other things being equal and after tax, sensitivity to fluctuations in non-USD currencies at balance sheet date based on a 10% decrease in currency translation rates against USD (assuming 100% effectiveness) would result in a net profit/(loss) of USDm (0.6) (2019: USDm (2.1)) and affect equity by USDm (0.6) (2019: USDm (2.1)). The effect of a 10% increase in the currency translation rates against USD would have a corresponding inverse effect.

Interest rate risk

Our policy is to hedge risk associated with changes in interest rates to limit the negative financial effects of adverse changes in interest rates by converting variable interest rates to fixed interest rates. Net interest rate risk may be hedged via forward rate agreements, interest rate swaps and related instruments if assessed as advantageous. The general hedging policy is approved by the board of directors.

Cash flow hedge accounting is used in respect of interest rate derivatives. These are recycled in the income statement over the term of the hedged loans. Please refer to note 4.1 for disclosure of the exposure to floating interest rates at balance sheet date.

Sensitivity of interest rate risk

Sensitivity of interest fluctuations is calculated as the hypothetic effect on net profit and equity as a result of fluctuations in interest rates at balance sheet date.

The sensitivity analysis includes financial instruments recognised at fair value for which the calculated effect on equity represents an immediate fair value change from a thought change in interest rates and financial instruments with variable interest recognised at amortised costs for which the calculated effect represents a one year effect on net profit and equity based on balances at year end.

Assumptions for the sensitivity analysis:

- All hedging instruments are assumed 100% effective.
- Changes in interest rates are global and thus the impact on the fair value of forward currency contracts and similar derivatives is not considered.

NOTE 4.5 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS CONTINUED

- Shares available for sale and shares at fair value through profit or loss are not included in sensitivity calculations due to inability to reliably measure the sensitivity of share prices to interest rate changes.

On financial instruments at fair value, the calculated effect after tax based on a 1% interest rate increase would affect profit/loss by USDm 0.1 (2019: USDm 0.9)) and equity by USDm 0.2 (2019: USDm 1.0). On financial instruments with variable interest recognised at amortised costs, profit/loss and equity would be affected by USDm (0.1) (2019: USDm (1.0)).

A 1% interest rate decrease would as a maximum have a corresponding inverse effect.

Credit risk
Credit risk is the risk of incurring a financial loss if a customer or counterparty fails to fulfill their contractual obligations.

Our placement of deposits entails a potential credit risk and we only place deposits with banks that are either categorised as Structurally Important Financial Institutions (SIFI) or meet a minimum rating requirement.

Likewise, contracts for long-term business entail a potential counterparty credit risk. To mitigate the counterparty risk related to business contracts, we perform a thorough credit assessment prior to concluding long-term contracts. Large contracts are approved by the board of directors.

Standard payment terms for the Bulk business is that 95% of the transaction price (estimated revenue) for the voyages is due 3 days after loading the cargo, while the remaining revenue is due after discharge, therefore the majority of the revenue is paid before releasing the cargo to the customer. For the Kosan business standard payment terms is 100% of the transaction price after discharge, when trading with known and creditworthy customers, otherwise it is typically agreed that payment is due before discharge. Due to payment terms for the business, historic losses on trade receivables are immaterial, and therefore the Group do not recognise expected losses on trade receivables.

In 2020 and 2019 no provisions were made for losses on trade receivables. The Group did not have any further overdue trade receivables (2019: USD nil).

At year-end 2020, the majority of our financial counterparties had credit ratings of or above Baa2.

The exposure to credit risk at balance sheet date can be illustrated as follows:

USD '000	**2020**	2019
Other long-term receivables	3,033	3,255
Trade receivables	-	901
Financial derivatives	1,087	1,554
Other short-term receivables	1,020	2,370
Cash and bank deposits	7,986	10,908
Maximum credit risk	**13,126**	**18,988**

The maximum credit risk corresponds to the carrying value of the individual assets.

NOTE 4.5 DERIVATIVE FINANCIAL INSTRUMENTS

Our policy is to use derivative financial instruments to hedge financial risk. At year-end, the Group held the following derivatives:

USDm		2020				2019			
	Cash flow / Fair value hedge	Nominal, USDm	Duration, month	Recognised on equity	Fair value	Nominal, USDm	Duration, month	Recognised on equity	Fair value
Hedge accounting applied:									
Interest rate swaps	Cash flow	7.5	30	(0.0)	(0.0)	86.0	2-47	0.1	(0.9)
Total				**(0.0)**	**(0.0)**			**0.1**	**(0.9)**
Hedge accounting not applied:									
Currency: USD/EUR	N/A	2.3	0-12	-	0.1	4.1	0-4	-	(0.2)
Currency: USD/DKK	N/A	5.4	0-11	-	0.2	21.0	0-8	-	(0.1)
Currency: USD/JPY	N/A	-	-	-	-	4.0	0-2	-	0.1
FFA's and oil contracts	N/A	N/A	1-24	-	(0.7)	N/A	1-18	-	1.4
Total				**-**	**(0.4)**			**-**	**1.2**
Total derivative financial instruments					**(0.4)**				**0.3**
Presented in the financial statement as:									
Derivative financial instruments, assets					1.1				1.6
Non-current derivative financial instr., liabilities					-				(0.4)
Derivative financial instruments, liabilities					(1.5)				(0.8)

ACCOUNTING POLICIES

Derivatives are recognised at fair value. Positive and negative fair values of derivatives are presented in the statement of financial position in separate line items, and offsetting is made only when the Group has the right and intention to settle several derivatives net.

Fair value hedge
Changes in the fair value of derivatives designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability. Hedging of future cash flows relating to firm commitments are treated as fair value hedges.

Cash flow hedge
Where a derivative financial instrument is designated as a hedge of a highly probable forecasted transaction, the effective part of any gain or loss on it is recognised in other comprehensive income in the hedging reserve of equity. When the forecasted transaction is subsequently realised, the associated cumulative gain or loss is reclassified from other comprehensive income in the hedging reserve of equity to the income statement in the same period or periods during which the hedged forecasted transaction affects profit or loss. The ineffective part of any gain or loss is recognised in the income statement immediately.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, e cumulative gain or loss at that point remains in other comprehensive income in the hedging reserve of equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is immediately recognised in the income statement.

NOTE 4.5 HEDGING DERIVATIVES. ACCOUNTING POLICIES CONTINUED

Net investment hedge
Derivatives used to hedge net investments in foreign subsidiaries, associates or joint ventures are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity; the gain and loss relating to the ineffective portion is immediately recognised in the income statement.

Derivatives that do not qualify for hedge accounting
For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as they occur.

Methods for determination of fair value – derivatives
The fair values of derivative instruments are based on their listed market price, if available, or estimated using appropriate market rates prevailing at the balance sheet date.

Categories of financial assets and liabilities
The following categories of financial assets and liabilities are recognised in the balance sheet:

USD '000	2020	2019
Fin. assets at FV through P/L *	1,087	1,554
Loans and receivables**	12,039	17,434
Fin. liabilities - at FV through P/L *	(1,540)	(1,218)
Fin. liabilities - at amortised cost**	(121,533)	(167,097)

* Figure includes financial derivatives designated for hedge accounting

** Amounts recognised for financial asset and liabilities at amortised cost do not differ materially from their fair value.

Fair value hierarchy
All financial instruments are stated at fair value on the basis of observable market prices (Level 2), directly as prices or indirectly derived from prices.

ACCOUNTING POLICIES

Financial assets
Investments are classified in the following categories:

- Financial assets at fair value through profit or loss (financial derivatives)
- Loans and receivables

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this designation at every reporting date to the extent that such a designation is permitted and required. Financial assets classified at fair value through profit or loss is investments that are measured and reported at fair value in the internal management reporting.

Financial assets at fair value through profit or loss
Comprise financial derivatives on which hedge accounting is not applied and securities which is classified as such on initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in Trade receivables and Other receivables in the statement of financial position. Trade receivables and Other receivables are stated at amortised cost. Trade and other receivables are measured using the ECL method, and expected losses are recognized in the profit and loss.

Recognition and measurement of financial assets
Purchases and sales of investments are recognised on the settlement date. Investments are initially recognised at fair value plus transaction costs for all financial assets not classified as fair value through profit or loss.

NOTE 4.6 EQUITY

The authorized and issued share capital of J. Lauritzen A/S amount to DKKt 400 (2019: DKKt 460.100) with 8 shares (2019: 37 shares) of DKK 50,000 or multiples of this.

	No. of shares		Nominal DKKt	
	2020	2019	**2020**	2019
1 January	37	37	460,100	460,100
Capital reduction	(29)	-	(459,700)	-
31 December	**8**	**37**	**400**	**460,100**

Capital

Lauritzen Bulkers A/S pursues a prudent dividend policy that secures the necessary liquidity and supports our daily operation.

At the end of 2020 and 2019 no proposed dividends were included in retained earnings.

ACCOUNTING POLICIES

Proposed dividend is recognised as a separate item under equity until approved at the Annual General Meeting, where after it is recognised as a liability.

Section 5
Other notes

NOTE 5.1 TAX

USD '000	2020	2019*
Tax in the Income Statement consists of:		
Current tax	(290)	(642)
Total	**(290)**	**(642)**
Tax on the profit is specified as follows:		
Calculated 22% of result before tax	3,930	22,711
Adjustment in foreign companies deviating from 22% tax	(37)	
Tax effect of:		
Tonnage tax	6,463	(4,560)
Non-taxable items	(10,647)	(18,171)
Adjustments previous year	-	(622)
	(290)	**(642)**
Effective tax rate	**2%**	**1%**
Deferred tax on the Balance Sheet:		
Deferred tax 1 January	2,200	2,200
Deferred tax 31 December	**2,200**	**2,200**
Deferred tax concerns:		
Taxable losses carried forward to be used within five years	2,200	2,200
	2,200	2,200
Unrecognised share of taxable losses carried forward	1,500	2,800

USD '000	2020	2019*
Corporate tax (receivable)/payable can be specified as follows:		
Balance 1 January	89	(570)
Exchange rate adjustments	7	17
Paid during the year	(21)	-
Provision for the year	274	20
Adjustment to prior years	-	622
	349	**89**

Lauritzen Bulkerss A/S companies are jointly taxed with subsidiaries of the Lauritzen Foundation.

Provision for income tax for the year includes estimates of non-deductible finance expenses under the interest ceiling rules as well as estimates on the effect of joint taxation contribution.

In 2005 the Danish based companies of the Group entered the Danish tonnage taxation system, the adoption of which is binding until at least 2024. We do not expect to exit the tonnage taxation and thus no deferred tax provision has been made on the assets or liabilities effected by the Danish tonnage taxation system. If, however, the Danish Group companies were to leave the Danish tonnage taxation system there would not be a deffered tax liability.

* Comparison figures not restated due to compliance regulations

ACCOUNTING POLICIES

Income tax
Income tax consists of tax calculated according to the regulations of the Danish Tonnage Tax Act for Danish based shipping activities and according to foreign tax regulations for foreign activities, as well as adjustments related to deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Corporate and deferred tax
Corporate tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, as well as any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTE 5.1 TAX CONTINUED

CRITICAL ACCOUNTING ESTIMATES & JUDGMENTS

The Group recognizes deferred tax assets, including the expected tax value of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgment is made annually and based on budgets and business plans for the coming years, including planned initiatives.

NOTE 5.2 FEES TO AUDITOR

USD '000	**2020**	2019
Total fees to elected auditors	201	172
Specified as follows:		
Statutory audit	137	147
Tax advisory services	-	3
Fee for other services	64	22

NOTE 5.3 RELATED PARTIES

As owners of Lauritzen Bulkers A/S, the Lauritzen Foundation and its affilliated companies, are related parties.

Other related parties with a significant influence on the activities of Lauritzen Bulkers A/S is the company's board of directors and the executive management (key management personnel).

Finally, additional related parties comprise joint ventures companies (cf. note 3.4) in which the Group has a significant influence. Subsidiaries and joint ventures together with the shareholding are shown in the List of group companies.

Transactions with related parties comprised the following income/(expenses):

USD '000	**2020**	2019*
Lauritzen Ship Owners:		
Bareboat hire	-	6.264
LF Investment:		
Management fee	-	75
J. Lauritzen A/S		
Vendor loan**	20.018	
Service-level agreement	(4.577)	-
Lauritzen Kosan A/S		
Service-level agreement*	339	-

There have been no other material transactions with related parties other than those stated above.

Remuneration to key management personnel is disclosed in note 2.3.

* Comparison figures not restated due to compliance regulations

** Vendor loan terms; Interest USD 3M Libor + 381 bps p.a., payment on demand.

NOTE 5.4 EVENTS AFTER BALANCE SHEET DATE

There have been no events after the balance sheet date that could materially affect the accounts as presented.

List of *companies*

COMPANY NAME	COUNTRY	OWNERSHIP %
Lauritzen Bulkers A/S *	**Denmark**	**-**
Lauritzen Bulkers Ship Owner A/S.	Denmark	100
J. Lauritzen Singapore Pte. Ltd.	Singapore	100
J. Lauritzen (USA) Inc.	USA	100
Joint-ventures (ship owning)		
Admiral Logistics Corporation	Panama	50
Milau Pte. Ltd.	Singapore	50
Dormant		
Lauritzen Reefers A/S	Denmark	100

* Branch offices in Singapore and Dubai

Parent company financial statements

Notes

Income statement

USD '000	Note	**2020**	2019
Revenue	2.1	380,359	387,498
Voyage related costs		(166,681)	(159,673)
Time-charter equivalent income		**213,678**	227,825
Other operating income		6	297
Hire of chartered vessels	2.2	(129,289)	(123,096)
Operating costs of vessels	2.3	(41,910)	(56,058)
Administrative costs	2.3	(16,898)	(14,958)
Operating income before depreciation (EBITDA) and special items		**25,587**	34,010
Profit/(loss) on sale of vessels and other assets		(362)	(488)
Depreciation	3.1, 3.2	(35,455)	(53,945)
Share of profit in joint ventures	3.4	(235)	312
Operating income (EBIT) before special items		**(10,465)**	(20,111)
Special items, net	2.2	-	(39,450)
Operating income (EBIT) after special items		**(10,465)**	(59,561)
Financial income	4.2	1,190	161,637
Financial expenses	4.3	(9,811)	(189,058)
Profit/(loss) before tax		**(19,087)**	(86,982)
Income tax	5.1	(202)	(642)
Profit/(loss) for the year		**(19,288)**	**(87,624)**

Statement of comprehensive income

USD '000	Note	**2020**	2019
Profit/(loss) for the year		**(19,288)**	**(87,624)**
Items that can be reclassified subsequently to income statement:			
Other comprehensive income net of tax:			
Exchange differences on translating foreign operations		(336)	73
Fair value adjustment of hedging instruments during the year		653	(918)
Gain/(loss) on hedging instruments transferred to financial expenses		82	445
Other comprehensive income net of tax		**399**	**(400)**
Total comprehensive income for the year		**(18,889)**	**(88,023)**

Balance sheet statement

Assets

USD '000	Note	2020	2019
Vessels, property and equipment	3.1	1,398	1,726
Right-of-use assets	3.2	72,986	98,988
Investments in subsidiaries	3.5	46,505	54,598
Investments in joint ventures	3.4	5,160	5,395
Deferred tax assets	5.1	2,200	2,200
Long term receivables from group entities		20,018	8,966
Receivables from joint ventures		9,380	8,856
Other receivables		265	747
Non-current assets		**157,912**	**181,476**
Bunkers		4,934	9,519
Trade receivables	4.5	0	1,269
Other receivables		983	3,198
Receivables from affiliated companies		-	1,990
Prepayments		6,552	3,583
Derivative financial instruments	4.5	1,087	1,554
Cash and cash equivalents		5,727	7,911
Current assets		**19,282**	**29,025**
Total assets		**177,195**	**210,500**

Liabilities

USD '000	Note	2020	2019
Share capital		57	65,473
Retained earnings		30,338	(46,830)
Reserves		478	79
Equity	4.6	**30,873**	**18,722**
Derivative financial instruments	4.5	-	382
Other non-current liabilities		-	321
Long-term lease obligations	3.2, 4.1	71,022	95,059
Non-current liabilities		**71,022**	**95,761**
Current portion of long-term lease obligations	3.2, 4.1	31,394	38,938
Bank debt		0	4,153
Trade payables		6,765	14,595
Other payables		1,550	325
Derivative financial instruments	4.5	1,540	836
Debt to affliated companies		33,749	37,081
Current tax payables	5.1	300	89
Current liabilities		**75,299**	**96,018**
Total liabilities		**146,321**	**191,779**
Total equity and liabilities		**177,195**	**210,500**

Cash flow statement

USD '000	Note	2020	2019
Operating income before special items		(11,467)	(20,111)
Depreciation carried back		35,455	53,945
Share of profit in joint ventures		235	(312)
Special items with cash flow effect		-	59
(Profit)/loss on sale of vessels and other assets		362	-
Change in bunkers		7,665	5,412
Change in receivables		(8,487)	4,180
Change in payables		(10,397)	5,455
Cash flow from operations before financial items		13,366	48,628
Ingoing financial payments		514	(515)
Outgoing financial payments		(7,753)	(16,769)
Cash flow from ordinary operations		6,127	31,345
Paid corporate tax	5.3	-	-
Cash flow from operating activities		**6,127**	**31,345**
Sale of vessels		(362)	45,976
Sale of other non current assets		-	63
Cash flow from investment activities		**(362)**	**46,039**
Financial receivables		(26)	(235)
Installment on long-term debt		(4,153)	(28,017)
Proceeds from loans		-	(426)
Installment on lease debt (IFRS 16)		(40,839)	(47,207)
Internal debt		5,708	-
Increase in share capital		31,040	-
Cash flow from financing activities		**(8,269)**	**(75,884)**

	2020	2019
Changes for the year in cash and cash equivalents	(2,504)	1,500
Cash and cash equivalents at beginning of year	7,911	6,369
Currency adjustments on cash and cash equivalents	320	43
Cash and cash equivalents at the end of the year	**5,727**	**7,911**

Equity statement

USD '000	Share capital	Hedging instruments	Shares available for sale	Translation gain/loss	**Reserves**	Retained earnings	**Total equity**
Equity 1/1 2020	65,473	(732)	(52)	863	79	(46,830)	18,722
Profit/(loss) for the year	-	-	-	-	-	(19,288)	(19,288)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	(336)	(336)	-	(336)
Deferred (gain)/loss on hedging instruments transferred to financial expenses	-	82	-	-	82	-	82
Fair value adjustment of hedging instruments during the period	-	653		-	653	-	653
Other comprehensive income	-	735	-	(336)	399	-	399
Total comprehensive income	**-**	**735**	**-**	**(336)**	**399**	**(19,288)**	**(18,889)**
Transactions with owners:							
Capital increase	7	-	-	-	-	31,033	31,040
Share capital reduction	(65,423)					65,423	-
Total transactions with owners	**(65,416)**	**-**	**-**	**-**	**-**	**96,456**	**31,040**
Equity 31/12 2020	**57**	**3**	**(52)**	**527**	**478**	**30,338**	**30,873**
Equity 1/1 2019	65,473	(259)	(52)	801	490	161,551	227,514
Effect from demerger of Kosan shares	-	-	-	-	-	(120,757)	(120,757)
Profit/(loss) for the year	-	-	-	-	-	(87,624)	(87,624)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	62	62	-	62
Deferred (gain)/loss on hedging instruments transferred to financial expenses	-	445	-	-	445	-	445
Fair value adjustment of hedging instruments during the period	-	(918)		-	(918)	-	(918)
Total other comprehensive income	-	(473)	-	62	(411)	-	(411)
Total comprehensive income	**-**	**(473)**	**-**	**62**	**(411)**	**(87,624)**	**(208,792)**
Equity 31/12 2019	**65,473**	**(732)**	**(52)**	**863**	**79**	**(46,830)**	**18,722**

Section 1
Basis for reporting

NOTE 1.1 GENERAL INFORMATION

The separate financial statements for the parent company form part of the Annual Report as required by the Danish Financial Statement Act.

NOTE 1.2 ACCOUNTING POLICIES

The accounting policies for the financial statements of the parent company are the same as for the Group consolidated financial statements with the following additions. For a description of the accounting policies of the Group, please refer to the notes of the Group consolidated financial statements.

The accounting policies for the financial statement of the parent company are unchanged compared to last financial year.

SUPPLEMENTARY ACCOUNTING POLICIES FOR THE PARENT COMPANY

Financial assets
Investments in subsidiaries are recognised in the financial statement of the parent company at cost less accumulated impairment losses. Cost includes fair value of consideration paid plus directly attributable acquisition costs.

If there are indications of impairment, impairment test is performed as described in accounting policies to the consolidated financial statements.

In the income statement dividends received during the year from subsidiaries are shown under financial income. If the distribution from subsidiaries exceeds retained earnings, the distribution reduces the cost of the investment in subsidiaries when the distribution is characterised as repayment of the parent company's investment.

Investments in joint ventures are recognized at equity value.

Tax
Lauritzen Bulkers A/S is subject to the Danish tax regulations which means that by law it is taxed jointly with its parent company, the Lauritzen Foundation and all Danish subsidiaries under the Lauritzen Foundation.

Lauritzen Bulkers A/S are subject to compulsory joint taxation with LF Investment ApS and DFDS A/S. LF Investment ApS is the administration company in the joint taxation and settles all payment of company tax with the authorities. Tax receivables and tax payables are recognised as current assets and current liabilities respectively. Outstanding tax contributions from other companies included in the joint taxation are recognised as receivable/debt from affiliated companies.

NOTE 1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported performance. Management bases its estimates on historical experience and various other assumptions and sources that are considered reasonable. Actual results could differ from those estimates.

The critical accounting estimates and judgments described in the notes of the Group consolidated financial statement also apply for the financial statement of the parent company. In addition hereto material accounting estimates for the parent company comprise estimates included in impairment testing of investments and receivables in affiliated companies.

NOTE 1.4 NEW ACCOUNTING REGULATIONS FOR FUTURE IMPLEMENTATION

Reference is made to note 1.5 of the Group consolidated financial statements for disclosure of new accounting regulation. None of the issued accounting standards and interpretations are expected to have influence on the financial reporting of the parent company.

Section 2
Operating activities

NOTE 2.1 REVENUE

The revenue reported represents revenue from external customers.

USD '000	2020	2019
Freight revenue	299,678	303,341
COA revenue	11,783	11,801
Time charter revenue	68,898	72,355
Total	**380,359**	**387,498**

NOTE 2.2 SPECIAL ITEMS

To increase the comparability of the operating activities, a number of one-off items have been recognised as special items:

USD '000	2020	2019
A) One-off revenue from sale of claims, claim settlements and termination of contracts	-	59
B) Impairment losses/reversals on vessels	-	(9,509)
B) Impairment losses on right-of-use assets	-	(30,000)
Special items, net	**-**	**(39,450)**

If special items had been included in the operating profit before special items, they would have been included in the Income Statement as follows:

INCOME STATEMENT - CONDENSED

USD '000		2020	2019
Revenue	A)	380,359	387,557
Other operating income		6	297
Costs	C)	(354,779)	(353,785)
Operating income before depreciation (EBITDA)		**25,587**	**34,069**
Profit/(loss) on sale of assets		(362)	(488)
Depreciation and impairment losses	B)	(35,455)	(93,454)
Share of profit in joint ventures	D)	(235)	312
Operating income		**(10,465)**	**(59,561)**
Net financial items	E)	(8,621)	(27,421)
Profit/(loss) before tax		**(19,087)**	**(86,982)**
Income tax		(202)	(642)
Profit/(loss)		**(19,288)**	**(87,624)**

NOTE 2.3 STAFF COSTS, OFFICE & FLEET

	Staff costs onshore employees [1]		Staff costs, crew on vessels [2]		Total staff costs	
USD '000	**2020**	2019	**2020**	2019	**2020**	2019
Salaries	8,056	7,307	-	6,647	8,056	13,954
Pensions (defined contribution plan)	668	792	-	-	668	792
Social security	110	83	-	-	110	83
Contract labour	9	5	-	-	9	5
Total	**8,842**	**8,188**	**-**	**6,647**	**8,842**	**14,834**

1) Included in "Administrative costs"
2) Included in "Operating costs of vessels"

	Number of employees, onshore		Number of employees, crew on vessels		Number of employees, total	
	2020	2019	**2020**	2019	**2020**	2019
Average number of employees	57	51	-	73	57	124
Number of employees at year end	58	50	-	-	58	50

USD '000	**2020**	2019*
Remuneration to Lauritzen Bulkers A/S' Board of Directors & Executive Management*	587	1,463
	587	**1,463**

Remuneration to executive management is not disclosed.

* Comparison figures not restated due to compliance regulations

Section 3
Operating assets and liabilities

NOTE 3.1 VESSELS, PROPERTY & EQUIPMENT

USD '000 **2020**	Vessels	Land & buildings	Machinery, tools and equipment	Total
Cost as at 1 January	-	331	10,153	10,484
Cost as at 31 December	-	331	10,153	10,484
Depreciation and impairment losses as at 1 January	-	(331)	(8,717)	(9,048)
Depreciation	-	-	(38)	(38)
Depreciation and impairment losses as at 31 December	-	(331)	(8,755)	(9,086)
Balance as at 31 December	**-**	**-**	**1,398**	**1,398**

USD '000 2019	Vessels	Land & buildings	Machinery, tools and equipment	Total
Cost as at 1 January	114,749	1,954	10,157	126,860
Exchange rate adjustments	-	(18)	(4)	(22)
Additions		-	1	1
Disposals	(114,749)	(1,605)	-	(116,353)
Cost as at 31 December	-	331	10,153	10,485
Depreciation and impairment losses as at 1 January	(67,545)	(942)	(8,702)	(77,189)
Exchange rate adjustments		18	1	19
Depreciation	(4,240)	(34)	(17)	(4,291)
Impairment losses	(14,156)	-	-	(14,156)
Disposals	85,940	628	-	86,568
Depreciation and impairment losses as at 31 December	-	(331)	(8,717)	(9,048)
Balance as at 31 December	**-**	**-**	**1,436**	**1,437**

NOTE 3.2 LEASES

Right-of-use assets (leased assets)

USD '000 **2020**	Vessels	Land & buildings	Total
Balance as at 1 January	98,661	327	98,988
Additions	9,453	-	9,453
Depreciation during the year	(35,128)	(327)	(35,455)
Balance as at 31 December	**72,986**	**(0)**	**72,986**

USD '000 **2019**	Vessels	Land & buildings	Total
Balance as at 1 January	-	-	-
Effect of transition 1 January	169,894	1,315	171,208
Additions	9,800	-	9,800
Depreciation during the year	(51,032)	(987)	(52,019)
Impairment losses	(30,000)	-	(30,000)
Balance as at 31 December	**98,661**	**327**	**98,988**

Lease obligations

USD '000	**2020**	**2019**
Maturity of lease obligations:		
<1 year	31,394	38,938
1-5 years	66,903	91,194
> 5 years	1,881	3,865
Total un-discounted lease obligation in Balance sheet statement 31 December	100,178	133,997
Lease obligation in Balance sheet statement	**102,415**	**133,997**
Short-term obligation	31,394	38,938
Long-term obligation	71,022	95,059
Obligation on service element of lease contracts not recognised	92,190	175,547

Lease amounts recognised in the Income statement

USD '000	**2020**	**2019**
Costs related to short-term leases (less than 12 months)	(129,289)	(128,059)
Service element not recognised as part of the lease obligation (opex)	(41,577)	(49,696)
Depreciations related to right-of-use assets	(35,455)	(66,533)
Interest expenses related to lease obligations	(8,546)	(16,556)

In 2020 the Group has paid USDm (108.2) related lease contracts recognised at the balance sheet, hereof interest of USDm (12.1) and repayment of lease obligations of USDm (55.2), while the service

NOTE 3.3 IMPAIRMENT TEST 2020

For Lauritzen Bulkers, the impairment test at year end 2020, resulted in book values being supported by value in use of the vessels.

NOTE 3.4 INVESTMENTS IN JOINT VENTURES

USD '000	**2020**	2019
Cost as at 1 January	5,245	5,245
Cost as at 31 December	5,245	5,245
Revaluation as at 1 January	(6,511)	(6,838)
Revaluations during the year	(235)	327
Revaluation as at 31 December	(6,746)	(6,511)
Balance as at 31 December	(1,501)	(1,266)
Negative equity settled against receivable from joint ventures	6,661	6,661
Balance as at 31 December	**5,160**	**5,395**

Key figures for joint ventures (100%):

USD '000	**2020**	2019
Revenue	7,606	8,143
Net profit	(588)	626
Assets	27,597	49,379
Liabilities	20,286	41,699
Group's share of net profit	(235)	355
Internal profit/loss	-	(28)
Net profit in joint ventures	(235)	327
Group's share of equity	5,160	5,395
Internal profit/loss	(6,661)	(6,661)
	(1,501)	(1,266)

NOTE 3.5 INVESTMENTS IN SUBSIDIARIES

	Ownership	
	2019	2019
Lauritzen Reefers A/S, Denmark	100%	100%
J. Lauritzen Singapore Pte., Singapore	100%	100%
Gasnaval S.A., Spain (in liquidation)	0%	100%
J. Lauritzen (USA) Inc., USA	100%	100%
Lauritzen Bulkers shipowner A/S, Denmark	100%	100%

USD '000	**2020**	2019
Cost as at 1 January	357,694	357,798
Disposal during the year	-	(104)
Cost as at 31 December	357,694	357,694
Accumulated impairment losses at 1 Jan	(303,096)	(131,172)
Revaluations during the year	(1,001)	(171,925)
Disposal during the year	(7,092)	-
Revaluation as at 31 December	(311,189)	(303,096)
Balance as at 31 December	**46,506**	**54,598**

Vessels and other assets and liabilities in subsidiaries have been recognised in accordance with the company's accounting principles including principles for impairment testing. Consequently the cost price after impairment losses is accounted for in the equity.

NOTE 3.6 WORKING CAPITAL

USD '000	**2020**	2019
Bunkers	4,934	9,519
Trade receivables	-	1,269
Other receivables	983	3,198
Prepayments	6,552	3,583
Total working capital assets	12,469	17,569
Trade payables	6,765	14,595
Other payables	1,550	-
Prepayments	-	0
Total working capital liabilities	8,316	14,595
Net working capital	**4,153**	**2,974**

Section 4
Capital structure and financing

NOTE 4.1 LONG-TERM BORROWINGS

				2020			
USD '000	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year	Total
Lease liabilities	(33,631)	(28,848)	(25,935)	(10,137)	(1,984)	(1,881)	(102,415)
Total long-term borrowings	**(33,631)**	**(28,848)**	**(25,935)**	**(10,137)**	**(1,984)**	**(1,881)**	**(102,415)**

				2019			
USD '000	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year	Total
Lease liabilities	(38,938)	(28,469)	(27,675)	(24,913)	(10,137)	(3,865)	(133,997)
Total long-term borrowings	**(38,938)**	**(28,469)**	**(27,675)**	**(24,913)**	**(10,137)**	**(3,865)**	**(133,997)**

USD '000	Currency	Fixed/ Variable	Interest rate fixation	Average effective interest rate excl. hedging	Average effective interest rate incl. hedging	Book value
2020						
Other financing:						
Lease liabilities	USD	Fixed	0-60 months	7.30%	N/A	(102,415)
Total						**(102,415)**
2019						
Other financing:						
Lease liabilities	USD	Fixed	0-60 months	7.78%	N/A	(133,997)
Total						**(133,997)**

NOTE 4.1 LONG-TERM BORROWINGS CONTINUED

Changes in liabilities arising from financing activities:

USD '000 **2020**	Leases of vessels	Total liabilities from financing activities
Book value 1 of January	(134,128)	(134,128)
Lease additions during the year	(9,126)	(9,126)
Repayment (Cash flow)	40,839	40,839
Balance as at 31 December	**(102,415)**	**(102,415)**

USD '000 2019	Leases of vessels	Total liabilities from financing activities
Book value 1 of January	-	-
Transition to IFRS 16	(181,335)	(181,335)
Repayment (Cash flow)	47,207	47,207
Proceeds (Cash flow)	-	(4,153)
Balance as at 31 December	**(134,128)**	**(138,281)**

NOTE 4.2 FINANCIAL INCOME

USD '000	**2020**	2019
Interest income, bank deposits	414	641
Other financial income	100	93
Currency exchange gains and losses, net	651	-
Financial instruments at FV through P&L, net	25	-
Financial income	**1,190**	**734**

NOTE 4.3 FINANCIAL EXPENSES

USD '000	**2020**	2019
Interest expenses on loans	(90)	(175,588)
Interest expenses on leases	(8,546)	(11,008)
Other financial expenses	(174)	(144)
Currency exchange gains and losses, net	-	(1,873)
Impairment subsidiaries	(1,001)	-
Financial instruments at FV through P&L, net	-	(445)
Financial expenses	**(9,811)**	**(189,058)**

NOTE 4.4 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial risk for Lauritzen Bulkers A/S relate to:

Liquidity risk	The risk that Lauritzen Bulkers A/S is not able to meet its future cash flow needs.
Market risk	The risk of losses in financial positions arising from movements in market prices to which Lauritzen Bulkers is exposed.
Credit risk	The risk of incurring a financial loss if a counterparty fails to fulfill its contractual obligations.

Financial risk is regularly assessed and prioritised based on how likely it is to occur and its potential impact. As defined by the board of directors, overall policies and objectives for financial risks were generally unchanged from 2020. For a description of financial risk and how it is managed reference is made to note 4.5 of to the consolidated financial statements.

Liquidity risk

Liquidity risk relates to the risk that Lauritzen Bulkers will not be able to fulfill its financial obligations as they fall due. Below is a maturity analysis of financial liabilities at year-end 2020:

Market risk

Market risk is risk of losses on financial positions arising from movements in market prices to which Lauritzen Bulkers A/S is exposed through financial instruments. The sensitivity analysis of Lauritzen Bulkers A/S's exposure to market risk is disclosed below.

Sensitivity information is calculated at balance sheet date and comprises only sensitivity relating to financial instruments, therefore the amounts disclosed do not necessarily give a complete picture of the Parent Company's risk relating to changes in currency rates and interest rates.

Currency risk

To measure currency risk in accordance with IFRS 7, sensitivity is calculated as the change in fair value of future cash flows from financial instruments as a result of fluctuations in exchange rates on balance sheet date. Other things being equal and after tax, sensitivity to fluctuations in non-USD currencies at balance sheet date based on a 10% decrease in currency translation rates against USD (assuming 100% effectiveness) would result in a net profit/loss of USDm (0.6) (2019: USDm (2.1)) and affect equity by USDm (0.6) (2019: USDm (2.1)). The effect of a 10% increase in the currency translation rates against USD would have a corresponding inverse effect.

USD '000

2020	Carrying amount	Contractual cash flow	<1 year	1 - 2 year	2 - 3 year	3 - 4 year	4 - 5 year	> 5 year
Interest-bearing debt *	(102,415)	(115,054)	(39,512)	(32,523)	(27,956)	(10,841)	(2,245)	(1,976)
Trade and other payables	(8,316)	(8,316)	(8,316)	-	-	-	-	-
Derivatives, liabilities at fair value	(1,540)	(1,541)	(1,540)	-	-	-	-	-
Total at 31 December 2020	**(112,271)**	**(124,911)**	**(49,369)**	**(32,523)**	**(27,956)**	**(10,841)**	**(2,245)**	**(1,976)**
2019								
Interest bearing debt *	(133,997)	(168,830)	(41,790)	(48,702)	(36,467)	(29,164)	(10,652)	(2,056)
Trade payable and other payables	(14,920)	(14,920)	(14,920)	-	-	-	-	-
Derivatives, liabilities at fair value	(836)	(836)	(836)	-	-	-	-	-
Total at 31 December 2019	**(149,753)**	**(184,586)**	**(57,546)**	**(48,702)**	**(36,467)**	**(29,164)**	**(10,652)**	**(2,056)**

* Contractual cash flow includes undiscounted interest payments based on interest levels at year-end.

NOTE 4.4 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS CONTINUED

Interest rate risk
Sensitivity of interest fluctuations is calculated as the hypothetic effect on net profit and equity as a result of fluctuations in interest rates at balance sheet date.

The sensitivity analysis includes financial instruments recognised at fair value for which the calculated effect on equity represents an immediate fair value change from a thought change in interest rates and financial instruments with variable interest recognised at amortised costs for which the calculated effect represents a one year effect on net profit and equity based on balances at year-end.

Assumptions for the sensitivity analysis:

- All hedging instruments are assumed 100% effective.
- Changes in interest rates are global and thus the impact on the fair value of forward currency contracts and similar derivatives is not considered.
- Shares available for sale and shares at fair value through profit or loss are not included in sensitivity calculations due to inability to reliably measure the sensitivity of share prices to interest rate changes.

On financial instruments at fair value, the calculated effect after tax based on a 1% interest rate increase would affect profit/loss by USDm 0.1 (2019: USDm 0.9)) and equity by USDm 0.2 (2019: USDm 1.0). On financial instruments with variable interest recognised at amortised costs, profit/loss and equity would be affected by USDm (0.1) (2019: USDm (1.0)).

A 1% interest rate decrease would as a maximum have a corresponding inverse effect.

CREDIT RISK
Credit risk is the risk of incurring a financial loss if a customer or counterparty fails to fulfill its contractual obligations.

In 2020 and 2019 no provisions were made for losses on trade receivables. The Parent Company did not have any further overdue trade receivables (2019: USD nil).

At year-end 2020, the majority of our financial counterparties had credit ratings of or above Baa2.

Lauritzen Bulkers A/S's exposure to credit risks at balance sheet date can be illustrated as follows:

USD '000	2020	2019
Other long-term receivables	9,645	9,603
Trade receivables	-	1,269
Financial derivatives	1,087	1,554
Other short-term receivables	983	3,198
Cash and bank deposits	5,727	7,911
Maximum credit risk	**17,442**	**23,536**

The maximum credit risk corresponds to the carrying value of the individual assets.

NOTE 4.4 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS CONTINUED

Derivative financial instruments

Our policy is to use derivative financial instruments to hedge financial risks. At year end the Company held the following derivatives:

USDm		**2020**				2019			
	Cash flow / Fair value hedge	Nominal, USDm	Duration, month	Recognised on equity	Fair value	Nominal, USDm	Duration, month	Recognised on equity	Fair value
Hedge accounting applied:									
Interest rate swaps	Cash flow	7.5	30	(0.0)	(0.0)	86.0	2-47	0.1	(0.9)
Total				**(0.0)**	**(0.0)**			**0.1**	**(0.9)**
Hedge accounting not applied:									
Currency: USD/EUR	N/A	2.3	0-12	-	0.1	4.1	0-4	-	(0.1)
Currency: USD/DKK	N/A	5.4	0-11	-	0.2	21.0	0-8	-	(0.1)
FFA's and oil contracts	N/A	N/A	1-24	-	(0.7)	N/A	1-18	-	1.4
Total				**-**	**(0.4)**			**-**	**1.2**
Total derivative financial instruments					**(0.4)**				**0.4**
Presented in the financial statement as:									
Derivative financial instruments, assets					1.1				1.6
Non-current derivative financial instr., liabilities					-				(0.4)
Derivative financial instruments, liabilities					(1.5)				(0.8)

Categories of financial assets and liabilities

The following categories of financial assets and liabilities are recognised in the balance sheet:

USD '000	**2020**	2019
Fin. assets at FV through P/L *	1,087	1,554
Loans and receivables**	16,355	21,981
Fin. liabilities - at FV through P/L *	(1,540)	(1,218)
Fin. liabilities - at amortised cost**	(110,731)	(153,070)

* Figure includes financial derivatives designated for hedge accounting

** Amounts recognised for financial asset and liabilities at amortised cost do not differ materially from their fair value.

Fair value hierarchy

All financial instruments are stated at fair value on the basis of observable market prices (Level 2), directly as prices or indirectly derived from prices.

NOTE 4.5 EQUITY

The authorized and issued share capital of J. Lauritzen A/S amount to DKKt 400 (2019: DKKt 460.100) with 8 shares (2019: 37 shares) of DKK 50,000 or multiples of this.

	No. of shares		Nominal DKKt	
	2020	2019	**2020**	2019
1 January	37	37	460,100	460,100
Capital reduction	(29)	-	(459,700)	-
31 December	**8**	**37**	**400**	**460,100**

Capital

Lauritzen Bulkers A/S pursues a prudent dividend policy that secures the necessary liquidity and supports our daily operation.

At the end of 2020 and 2019 no proposed dividends were included in retained earnings.

Section 5
Other notes

NOTE 5.1 TAX

USD '000	**2020**	2019*
Tax in the Income Statement consists of:		
Current tax	(202)	(642)
Total	**(202)**	**(642)**
Tax on the profit is specified as follows:		
Calculated 22% of result before tax	4,199	22,711
Adjustment in foreign companies deviating from 22% tax	(37)	-
Tax effect of:		
Tonnage tax	6,463	(4,560)
Non-taxable items	(10,826)	(18,171)
Adjustments previous year	-	(622)
	(202)	**(642)**
Effective tax rate	**1%**	**1%**
Deferred tax on the Balance Sheet:		
Deferred tax 1 January	2,200	2,200
Deferred tax 31 December	**2,200**	**2,200**
Deferred tax concerns:		
Taxable losses carried forward to be used within five years	2,200	2,200
	2,200	2,200
Unrecognised share of taxable losses carried forward	1,500	2,800

USD '000	**2020**	2019*
Corporate tax (receivable)/payable can be specified as follows:		
Balance 1 January	89	(570)
Exchange rate adjustments	9	17
Provision for the year	202	20
Adjustment to prior years	-	622
	300	**89**

Lauritzen Bulkerss A/S companies are jointly taxed with subsidiaries of the Lauritzen Foundation. Provision for income tax for the year includes estimates of non-deductible finance expenses under the interest ceiling rules as well as estimates on the effect of joint taxation contribution.
In 2005 the Danish based companies of the Group entered the Danish tonnage taxation system, the adoption of which is binding until at least 2024. We do not expect to exit the tonnage taxation and thus no deferred tax provision has been made on the assets or liabilities effected by the Danish tonnage taxation system. If, however, the Danish Group companies were to leave the Danish tonnage taxation system there would not be a deffered tax liability.

* Comparison figures not restated due to compliance regulations.

NOTE 5.2 FEES TO AUDITORS

USD '000	**2020**	2019
Total fees to elected auditors	184	147
Specified as follows:		
Statutory audit	120	122
Tax advisory services	-	3
Fee for other services	64	22

NOTE 5.3 RELATED PARTIES

As owners of Lauritzen Bulkers A/S, the Lauritzen Foundation and its affilliated companies, are related parties.

Other related parties with a significant influence on the activities of Lauritzen Bulkers A/S is the company's Board of Directors and the Executive Management (key management personnel).

Finally, additional related parties comprise joint ventures companies (cf. note 3.4) in which the Company has a significant influence. Subsidiaries

Transactions with related parties comprised the following income/(expenses):

USD '000	**2020**	2019*
Lauritzen Ship Owners:		
Bareboat hire	-	6.264
LF Investment:		
Management fee	-	75
Group companies:		
Management fee, income/(expenses)	(1.739)	(2.070)
Guarantee commission income/(expenses)	-	568
TC income/(expenses)	(3.130)	(1.947)
Internal interests income/(expenses)	-	(1.187)
Service-level agreement	(5.127)	-
Vendor loan**	20.018	-
Joint ventures and associated companies:		
Management fee	-	1.171

* Comparison figures not restated due to compliance regulations.

** Vendor loan terms; Interest USD 3M Libor + 381 bps p.a., payment on demand.

There have been no other material transactions with related parties other than those stated above. Remuneration to key management personnel is disclosed in note 2.3.

NOTE 5.4 EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date that could materially affect the accounts as presented.

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