Lauritzen Bulkers A/S

Tuborg Havnevej 15, DK-2900 Hellerup

Annual Report for 2024

CVR No. 55 70 01 17

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Lauritzen Bulkers A/S for the financial year 1 January - 31 December 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 February 2025

Executive Board

Martin Egvang

Board of Directors

Kristian Verner Mørch Chairman	Tommy Thomsen	Peter Poul Lauritzen Bay

Martyn Richard Wade

Independent Auditor's report

To the shareholder of Lauritzen Bulkers A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company´s operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lauritzen Bulkers A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Independent Auditor's report

Hellerup, 20 February 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Alexander Oliver Duschek
State Authorised Public Accountant
mne47774

Company information

The Company	Lauritzen Bulkers A/S Tuborg Havnevej 15 DK-2900 Hellerup CVR No: 55 70 01 17 Financial period: 1 January - 31 December Municipality of reg. office: Hellerup
Board of Directors	Kristian Verner Mørch, chairman Tommy Thomsen Peter Poul Lauritzen Bay Martyn Richard Wade
Executive Board	Martin Egvang
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2024	2023	2022	2021	2020
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	577,018	601,893	929,952	836,588	380,359
Operating profit/loss	9,419	-9,475	79,068	98,937	-10,471
Profit/loss before financial income and expenses	28,447	12,146	101,524	98,937	-10,465
Net financials	-8,631	-8,458	-32,842	92	-8,621
Net profit/loss for the year	17,901	3,351	77,331	95,959	-19,288
Balance sheet					
Balance sheet total	257,355	342,997	433,845	260,350	177,195
Investment in property, plant and equipment	88,648	165,211	183,451	13,768	9,453
Equity	119,043	96,061	190,710	128,850	30,873
Number of employees	66	63	58	60	57
Ratios					
Profit margin	4.9%	2.0%	10.9%	11.8%	-2.8%
Return on assets	11.1%	3.5%	23.4%	38.0%	-5.9%
Solvency ratio	46.3%	28.0%	44.0%	49.5%	17.4%
Return on equity	16.6%	2.3%	48.4%	120.2%	-77.8%

For definitions of key ratios, see accounting policies.

Comparative figures have not been adjusted in respect of the merger with accounting effect as of 1 January 2022. However, in respect of change in accounting policy regarding measurement of investments in subsidiaries from cost to equity method comparative figures for 2020 have been adjusted.

Management's review

STATEMENT FROM CEO AND CHAIRMAN

2024 was a challenging year, but despite the increasingly unpredictable and complex market conditions, we were able to generate a reasonable profit. A net result of USD 17.9 million masks the numerous underlying challenges we, and our dry bulk peers, faced commercially and operationally throughout the year. This is a satisfactory result.

We entered the year with severe headwinds. We had positioned ourselves for the traditional drop in freight rates ahead of the February Chinese New Year holidays; however, a combination of severe Panama Canal draft restrictions and the unexpected de facto closure of Red Sea transit led to unusually high Q1 freight rates. Throughout the remaining part of 2024, we turned this negative starting position around and ended the year with satisfactory bottom-line figures. In particular, our short-term trading model contributed positively to the year's result.

The main reason for achieving another year of positive end-year result is the strength and professionalism of the Lauritzen Bulkers platform, which drives value and strengthens our already robust customer and stakeholder relations, which we have established over generations.

In 2024, we increased our activity in vessel days from 29,800 in 2023 to 31,900 in 2024. Additionally, we established new customer relations and grew our existing strategic strongholds across sectors, regions, and trades, further diversifying our business activities and market exposure while consistently keeping an eye on operational and environmental cost reductions.

The increasing regulatory requirements for emission reductions accelerated our work on a comprehensive climate transition plan.

Continued traction on expansion, diversification, and cost reductions will be critical for our future success and ability to extract stable returns in an increasingly volatile, uncertain, and competitive environment, putting additional requirements on our capabilities within compliance, risk mitigation and sound corporate procedures and environmental policies.

We see the satisfactory results of 2024 as a verification of the strength of our structures and systems, which allow for further expansion in 2025 and beyond. This expansion will be driven by continued close customer dialogue and a structured and opportunistic approach to predicted short- and longer-term market developments.

Martin Egvang
CEO

Kristian Mørch
Chairman of the Board of Directors

Management's review

RESULT AND HIGHLIGHTS

Lauritzen Bulkers' net result for 2024 was a profit of USD 17.9 million compared to USD 3.3 million in 2023.

Profit from vessel sales contributed USD 17.6 million to the net result in 2024 (in 2023, profit from vessel sales contributed USD 20.4 million to the net result). The net result includes the result of freight derivatives and fuel hedging instruments, which are recognised in the revenue and the running costs, respectively. The unrealised result of these derivative instruments amounted to USD 14.0 million in 2024 (USD (10.6) million in 2023).

At year-end 2024, shareholders' equity amounted to USD 119.0 million (USD 96.1 million at year-end 2023). Cash and cash equivalents stood at USD 54.3 million (USD 28.5 million at year-end 2023).

The result for 2024 was slightly less than the initially expected result for 2024. This mainly reflects the challenging freight and FFA markets in 2024.

Business model

Lauritzen Bulkers' business model remained, during 2024, centred on being a short-term freight trader, vessel operator, and active owner in global dry bulk shipping. Our core is the handysize market segment, where we handle transportation of a variety of cargoes with the majority being agricultural products and construction materials, while continuously seeking business opportunities within other dry bulk market segments.

More than 220 clients were serviced during 2024, and the top ten accounted for less than 20% of Lauritzen Bulkers' revenue in 2024.

Over the past four years, the business model has enabled Lauritzen Bulkers to generate positive results despite highly challenging freight and FFA markets. The business model is supported by an advanced approach to risk management, which includes the active use of freight derivatives to adjust exposure.

Strategy update

During 2024, we continued our initiatives to increase the utilisation of the trading platform and business model to generate more commercial activity.

Our efforts in 2024 to pursue growth have focused on building on a strong relationship with customers, suppliers, and partners. Those efforts are instrumental for progress in 2025, as we execute our decision to extend our business model into the ultramax segment and other pursuits of growth.

Our climate strategy and preparations to meet regulatory requirements regarding environment, social, and business governance matters increasingly became part of the agenda when we met with our customers, suppliers, or other stakeholders in 2024.

Preparations to ensure readiness to adhere to the European Union's Corporate Sustainability Reporting Directive (CSRD), effective for us from fiscal year 2025, has in 2024 involved multiple functions in Lauritzen Bulkers. The work, which will continue in 2025, occurs in tandem with our establishment of a transition plan for how Lauritzen Bulkers can lower its emissions and the development of specific initiatives to realise elements of our ESG strategy. Our ambition is to transition our business, to meet the needs of greener shipping, and to do this together with our clients and suppliers, and we will endeavour to go beyond what is required by regulations.

Business performance

Lauritzen Bulkers performed 31,900 ship days in 2024 (in 2023, 29,800 ship days), corresponding to an average activity of 87 vessels with an average margin (contribution margin after vessel hire or OPEX) of USD/day 1,454 (in 2023, USD/day 1,824). The activity in 2024 was based on 1,123 fixtures, slightly up from 2023.

During 2024, two vessel purchases and four vessel sales were completed. The vessel purchases were based on the execution of purchase options included in long-term time-charter agreements. During the year we took delivery of 10 vessels on long-term charter, recognised in the accounts as right-of-use assets, whereof three were long-term chartered newbuildings with purchase options. 7 long-term chartered vessels were redelivered.

At year-end, our fleet included six fully owned vessels, and one vessel owned in a 50/50 joint venture. The value of the fully owned and part-owned vessels was estimated at USD 155 million by two independent ship brokers in December 2024.

SUBSEQUENT EVENTS

No events have occurred after the balance sheet date that could materially affect the presented accounts and management review.

OUTLOOK FOR 2025

Lauritzen Bulkers expects a net result of USD 5-25 million before tax in 2025. This includes expected profit related to sale of joint venture shares. The expected net result is sensitive to changes in dry bulk market rates. Currency and interest rate fluctuations as well as effects from further sales of assets, if any, may also impact the result.

RISK MANAGEMENT

Our approach to risk management remained unchanged in 2024 compared to 2023. For Lauritzen Bulkers, it is a strategic choice to dedicate substantial resources and manpower to risk management. Management and Board of Directors receive frequent, granular reporting on actual risk exposure and utilisation of mandates. On an annual basis, an Enterprise Risk Management review is conducted. Findings and recommended actions are discussed and adopted by the Board of Directors.

Commercial risk
Our business generates economic value by accepting commercial risk. Our primary focus is on taking short- and medium-term positions and exposures by accepting commercial commitments to own and charter-in tonnage, carry cargo, or, similarly, by using derivatives (FFAs). Volatility in market levels, base margins, and vessel values, as well as geographical imbalances in demand and supply, are the underlying factors of commercial risk.

Commercial risk management is supported via our portfolio management system, which tracks the forward value of cargoes, positions, hedging and realised values. The system allows us to constantly monitor how our business operates within the assigned risk mandates.

Operational risk
The realisation of the economic value of the accepted risk is contingent on our ability to execute and perform the commitment while being abreast of the operational risks involved: safe loading of cargo, proper carriage at sea, and safe delivery in port.

Safety is a constant top priority for us, first and foremost because of the human consequences of injuries or casualties. Regardless of whether we are vessel owners or operators, we have a strong focus on safety surrounding the carriage of cargoes. Proper carriage is important to ensure the safety of crews, vessels and cargoes. Our risk tolerance related to operational issues, such as fleet management and safety, is zero.

Safety procedures are implemented to ensure compliance with the highest industry standards. We provide vessel 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 specialising in the safe handling of cargoes. Reviewing and learning from past incidents to work constantly for even better risk mitigation is an important element of our approach.

The management of operational risk also considers risk related to piracy and entry into or transit through high-risk areas. Identifying and managing such risks is paramount to us. We follow the BMP5 recommendations with regards to safety and prevention of piracy, and before entering high-risk areas, separate risk evaluations are undertaken together with external experts to establish necessary precautions.

These guidelines are integrated into our Security Policy for ships in high-risk areas. We experienced no piracy attacks in 2024.

Our business is highly dependent on stable IT systems and electronic communication. We address IT and cyber risk through the implementation of industry best practices and check these against the Critical Security Controls (CIS) framework. Vulnerability checks are conducted regularly. Internal cyber security training sessions occur regularly to increase the awareness and readiness against potential cyberattacks. During 2024, we initiated preparations for the coming NIS2 regulations, and this work will continue in 2025 as we receive more guidance on the statutory requirements.

Risk related to the impact of environmental regulations
The evolving regulatory agenda designed to incentivise the shipping industry to transition to green shipping adds complexity to our risk management. Failing to address these requirements has severe economic consequences and can eventually hamper our business opportunities and profitability. We support the green shipping ambition, and we deploy substantial resources across our organisation to ensure awareness and compliance.

Sanctions risk
Violation of sanctions can likewise have severe consequences for our business, and the risk of violation is unacceptable. Our sanction risk management strategy is comprised of pre-fixture control to ensure that companies with any ties to targeted countries are screened every time new business is entered and post-fixture monitoring of the sanction status of the clients until the employment is completed. Our framework to mitigate sanction risk also includes monitoring of tonnage by way of vessel movement screening tools.

Credit risk
Our framework for managing the sanction risk of clients is also linked to our assessment of credit risk on our clients. Credit risk related to our exposure with clients is managed by systematic identification, assessment, and monitoring of clients' creditworthiness. A maximum credit risk limit is set for each counterparty.

Bunker risk and emission cost risk
Cargo contract earnings can be heavily influenced by price volatility on the fuel (bunkers), and we secure the cost of the bunker consumption when a forward commitment is accepted, or if a bunker adjustment factor is not included in the cargo contract. A similar approach is applied to our management of emission cost risk and exposure in relation to emissions during voyages in the EU.

Financial risk
Management of financial risk concerns liquidity risk (payment obligations), interest rate risk, and currency risk.

Our liquidity risk management entails daily projection of cash flow movements, supplemented with forecasts on a weekly and a monthly horizon, as well as for multi-year periods for planning purposes.

The owned fleet is financed in a secured loan facility with maturity in 2027. Interest on the loan facility is based on a floating rate. The interest rate risk on the floating rate is partially hedged by the use of interest rate swaps.

Currency risk related to cash flows in non-USD currencies is partially hedged to USD on the basis of an expected flow on a rolling 12-month basis.

Management's review

RESPONSIBILITY

We acknowledge our business model inherently has an impact on the environment and climate, particularly by combustion of energy and related emissions from the operated fleet.

Our efforts to actively reduce emissions and optimise energy consumption in our operations were intensified in 2024.

In parallel, we continued preparations for compliance with the Corporate Sustainability Reporting Directive (CSRS) applicable to us from 1 January 2025. A Double Materiality Assessment (DMA), which identifies actual and potential Impacts, Risks, and Opportunities (IROs) associated with our operations and across our value chain, has been performed according to the requirements in the CSRD regulation. The DMA, aligned with the guidance provided by EFRAG, identified material topics related to the following European Sustainability Reporting Standards (ESRS):

- ESRS E1 Climate Change
- ESRS E2 Pollution of Air
- ESRS S1 Own Workforce
- ESRS S2 Workers in the Value Chain
- ESRS G1 Business Conduct

Based on the established DMA, we are now focused on gathering the necessary information and ensuring its proper documentation in alignment with the ESRS.

The business model of Lauritzen Bulkers is described in the Results and Highlights section, cf. paragraph “Business model”, on page 8.

Lauritzen Bulkers remains committed to the United Nations Global Compact and has issued its Communication on Progress report. The SDGs are another way in which we adhere to international principles and standards on human rights, labour rights, environment and anti-corruption. Attention is placed on SDG 3 Good Health and Well-Being, SDG 5 Gender Equality, SDG 13 Climate Action, and SDG 16 Peace, Justice and Strong Institutions.

In addition to our internal commitments, Lauritzen Bulkers has actively contributed to advancing global sustainability standards. We continued to advocate for stricter regulations through our representation at the International Maritime Organization’s (IMO) Marine Environment Protection Committee (MEPC) meetings.

People
Lauritzen Bulkers strives to be an attractive employer, providing a secure, inclusive, and progressive workplace for all employees worldwide.

Diversity
Lauritzen Bulkers increased its share of underrepresented gender to 40% by year-end 2024 compared to 38% at year-end 2023 and moved towards our target of 42% representation of the underrepresented gender at the end of 2024. In 2025, we will review our actions and aim for 42% share at year-end 2025.

Diversity in our workforce increased as we welcomed employees from a range of additional nationalities in 2024. At year-end 2024, the workforce onshore consisted of 23 different nationalities worldwide. The average age in Lauritzen Bulkers at year-end 2024 was 40.9 compared to 41.7 year-end 2023.

Age	20 - 29	30 - 39	40 - 49	50 - 59	>59
Headquarter	13%	23%	30%	21%	13%
Other Offices	33%	33%	21%	13%	0%

Note: Diversity / nationality / age figures solely concern the land-based staff.

Management's review

Health and safety
Safeguarding the health and safety of our employees and workers along the value chain, including the crew aboard our vessels, remains a top priority. Ensuring safe operations in both our offices and on board our vessels is a core consideration in every business decision we make.

In 2024, our partnership with our technical manager yielded positive results, and our Lost Time Injury Frequency (LTIF) decreased to 0.93 in 2024 compared to 2.22 in 2023. Zero incidents have been reported in 2024 for land-based employees.

In 2024, the average number of deficiencies identified during Port State Control inspections was 2.15, representing an increase in deficiencies found compared to the previous year (1.2 on average in 2023). Zero detentions have been reported throughout 2024. Despite the increase in deficiencies, our average RightShip rating improved slightly from 3.6 at year-end 2023 to 3.7 at year-end 2024 on a five-scale rating.

By prioritizing safety and compliance, Lauritzen Bulkers continues to uphold its commitment to providing a secure work environment across all aspects of its operations.

Employee wellbeing and human rights
The employees of Lauritzen Bulkers are a key asset, and their well-being is of utmost importance. At year-end 2024, 110 team members were employed on land, while 121 were employed on board our own vessels through a third-party technical manager. During 2024, we welcomed 16 new employees to our team globally. Our annual Engagement survey yielded positive results. 96% of our employees would recommend Lauritzen Bulkers as a great place to work, indicating a 5% increase to last year. With a 7% increase compared to last year, 92% of our employees stated that they are proud to work for Lauritzen Bulkers in 2024. We will continue to strengthen our efforts to provide a welcoming work environment for our employees.

Our efforts to have a conducive work environment have been further enforced through a newly revised Human Resource Policy. Lauritzen Bulkers is committed to upholding human rights in all aspects of its operations as per the UN Guiding Principles on Business and Human Rights and in the International Bill of Human Rights, the Ten Principles of the United Nations Global Compact (UNGC) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The policy addresses the most crucial human rights impacts of Lauritzen Bulkers, including, among others, harassment, diversity, equality, health and safety, forced labour, child labour, and modern slavery.

Environment
2024 marked a pivotal year for Lauritzen Bulkers, with the introduction of new environmental regulations and significant internal efforts to strengthen resources for the ongoing green transition. In Lauritzen Bulkers, a dedicated Climate Group is pivotal in ensuring compliance with upcoming regulations. The group facilitated internal processes and conducted training sessions to equip staff with the knowledge needed to drive progress in this transition.

In 2024, Lauritzen Bulkers adopted the International Maritime Organization (IMO) emission intensity targets, committing to a minimum 40% reduction in emission intensity by 2030 and a path toward net-zero emissions by 2050.While the exact road to 2050 remains subject to technological advancements and market conditions, we are actively developing a comprehensive transition plan. This plan will incorporate past initiatives and explore additional decarbonisation opportunities to help us clearly identify our decarbonisation levers.

Emission
Through increased operational efficiency, we successfully reduced direct CO_2 emissions from our vessels from 652 tonnes to 588 tonnes.

Key initiatives to reduce our Scope 1 emissions included:

- Collaborating with our routing provider to optimise vessel speed and minimise unnecessary bunker consumption.
- Partnership with Marcura to refine optimal time-of-arrival and to reduce vessels' waiting time.
- Closely monitoring vessel performance by our fleet performance team, including regular hull cleanings to mitigate anti-fouling and fuel consumption.
- Applying silicon paint to two of our vessels, further reducing GHG emissions, with plans to assess similar applications during upcoming dry dockings for other vessels.

We installed mass flow meters across our fleet to enhance the data quality, which is needed for our performance optimisation activities, and we have worked on optimising our data validation processes.

In our exploration of alternative fuels, we leveraged the expertise of our bunker purchaser, DeaL Energy, who provided employees with in-depth knowledge about biofuels and other alternative fuels to meet evolving customer demands.

In 2024, we worked on enhancing our GHG accounting. While the majority of our emissions stem from Scope 1 activities due to the combustion of fossil fuels, we acknowledge the importance of a comprehensive approach to GHG management.

Our Scope 1 emissions result in a total of 588 tonnes. As mentioned, Scope 1 entails the emissions from the combustion of bunkers on board our controlled fleet (excl. TCO). It is calculated by applying the corresponding emission factors to the various bunker grades.

Our Scope 2, significantly smaller than Scope 1, amounted to 53.8 tonnes using the location-based approach. Scope 2 entails the electricity consumption in the various offices. Smaller offices with less than three people have been excluded.

Due to its complexity, it is not yet mandatory for Lauritzen Bulkers to report on Scope 3 emissions. However, we are gaining knowledge and are looking at various solutions that can assist us in the reporting of the same. As a starting point, we have decided to solely focus on the most relevant categories. These were determined by assessing each category's estimated proportion, Lauritzen Bulkers' influence on how the emissions contribute to the company's risk exposure as well as sector guidance available. Based on this, the categories Capital Goods, Fuel- and Energy-related Activities, Business Travel and Downstream Leased Assets were identified. We have gathered the first initial data on these categories but would like to stress that more knowledge and data has to be acquired to make profound statements.

EEOI
Our efforts to reduce emissions are reflected in the development of our Energy Efficiency Operating Indicator (EEOI) for the handysize segment. It decreased from 12.1 in 2023 to 11.5 in 2024, indicating a more efficient fuel consumption. Our total EEOI increased slightly from 12.5 in 2023 to 12.7 in 2024. This increase is mainly driven by increased activity in the Mini Bulk segment. Numbers from 2023 differ from last year's report due to a new calculation method.

EU ETS
As of January 1, 2024, the shipping industry became part of the EU Emission Trading Scheme (ETS), a cap-and-trade system designed to reduce greenhouse gas (GHG) emissions by assigning a monetary value to emissions. Throughout 2024, we spent resources on further optimisation of our control systems and operational frameworks to ensure compliance and effective management under the EU ETS.

FuelEU
Beginning in 2025, Lauritzen Bulkers became subject to the FuelEU Maritime regulation, which aims to limit the GHG intensity of fuels and promote the adoption of alternative energy sources. To prepare, we have prioritised internal knowledge-building and resource development. Training sessions were hosted to familiarise staff with the regulation and alternative fuels, ensuring readiness to meet evolving customer demands.

Air pollution
In addition to GHG emissions, Lauritzen Bulkers recognises its impact on air quality through the release of pollutants associated with bunker fuel combustion. These include sulphur oxides (SOx), nitrogen oxides (NOx), particulate matter (PM), black carbon (BC), carbon oxides (CO), and non-methane volatile organic compounds (NMVOCs).

Air Pollutant (mt)	2024	2023
SOx	3,409	3,478
NOx	12,941	14,360
CO	687	763
NMVOCs	313	347
PM10	867	958
BC	16	17

Note: Air pollutants have been calculated by applying the corresponding emission factors published by the CCAC SEI to the total consumption of the various bunker grades. Due to the change in calculation method, our SOx numbers from last year differ compared to this year´s 2023 figures.

Biodiversity
In the last year, Lauritzen Bulkers also increased its efforts related to the possible biodiversity impacts from our operations, striving to better understand and mitigate the environmental impacts of its operations. To minimise the spread of invasive species, we ensure full compliance with the International Maritime Organization (IMO) standards outlined in the Ballast Water Management Convention and Biofouling Guidelines.

Additionally, we engaged with the suppliers of the new hull coatings applied to our vessels to assess the comprehensive environmental impacts of this initiative.

Governance
In 2024, our internal policies underwent an intensive review to ensure continued relevance. These efforts were streamlined into our newly established Code of Conduct, which serves as a unified framework for guiding ethical behaviour and decision-making across the organisation.

Corruption and bribery
Despite ongoing efforts within the shipping industry to mitigate the risks of corruption and facilitation payments, these challenges persist. Our commitment to preventing corruption in all forms is unchanged, and we are maintaining a zero-tolerance approach, as outlined in our Code of Conduct – Corporate Responsibility Policy. This policy, along with our Gift, Entertainment and Hospitality Policy, is reassessed annually and reviewed by the Board of Directors.

As an active member of the Maritime Anti-Corruption Network (MACN), Lauritzen Bulkers supports collective industry actions to eradicate corruption. In 2024, MACN provided anti-corruption training to all critical staff, complemented by internal sessions to raise awareness about our policies. We fully endorse MACN's initiatives to uncover and address corruption and strongly encourage reporting of any inappropriate demands. Enhanced awareness led to four unfounded payment requests being reported by crew members and staff in the operational department in 2024, highlighting the importance of vigilance and transparency.

Whistleblower system
Lauritzen Bulkers' long-established whistleblower system offers employees, both onshore and at sea, as well as other stakeholders, an anonymous platform to report potential breaches of company policies related to human rights, labour practices, harassment, corruption, and bribery. No incidents were reported through this system in 2024.

Board and management composition
Lauritzen Bulkers has set a target to achieve a minimum of 25% female representation on the Board of Directors by the end of 2026. Currently, the Board comprises four independent members, with no representation from underrepresented genders.

	2024
Supreme governing body	
Total number	4
Underrepresented gender %	0%
Target %	25%
Time for meeting target (year-end)	2026
Other management levels	
Underrepresented gender %	16%
Target %	36%
Time for meeting target (year-end)	2026

For other management levels, a target of 36% female (underrepresented gender) representation is set for year-end 2026, unchanged to 2023.

Data ethics
Lauritzen Bulkers has not adopted a policy specifically addressing data ethics. The reasons for this decision are as follows:

- Our services are targeted towards business clients only (individual consumers), eliminating the need for data utilisation for personalisation or segmentation.
- Our offerings entail transportation services, where terms are negotiated on a case-by-case basis, predominantly in person.

Our data collection primarily entails macro-level data on e.g. commodities, regional economic activity, trade statistics, local vessel supply and demand, and vessel tracking data. Data is obtained from public sources and is used for analytical purposes. It informs our commercial decisions on assessing risk tolerance and determining service pricing.

Income statement 1 January - 31 December

	Note	2024	2023
		TUSD	TUSD
Revenue	1	577,018	601,893
Other operating income	2	19,028	21,621
Direct expenses		-511,609	-548,792
Other external expenses		-10,176	-11,357
Gross profit		**74,261**	**63,365**
Staff expenses	3	-19,827	-20,125
Depreciation and impairment losses of property, plant and equipment	4	-25,987	-31,094
Profit/loss before financial income and expenses		**28,447**	**12,146**
Income from investments in subsidiaries	5	-978	61
Income from investments in associates	6	156	-115
Financial income	7	2,887	2,585
Financial expenses	8	-10,696	-10,910
Profit/loss before tax		**19,816**	**3,767**
Tax on profit/loss for the year	9	-1,915	-416
Net profit/loss for the year	10	**17,901**	**3,351**

Balance sheet 31 December

Assets

	Note	2024	2023
		TUSD	TUSD
Other fixtures and fittings, tools and equipment		1,382	1,382
Vessels		104,160	141,013
Right-of-use assets		50,738	45,409
Property, plant and equipment	11	**156,280**	**187,804**
Investments in subsidiaries	12	12,545	54,246
Investments in associates	13	7,273	7,034
Deposits	14	378	400
Fixed asset investments		**20,196**	**61,680**
Fixed assets		**176,476**	**249,484**
Bunkers and other inventory		10,371	15,498
Inventories		**10,371**	**15,498**
Trade receivables		6,518	12,797
Receivables from group enterprises		0	1,063
Other receivables	15	3,316	27,797
Deferred tax asset	16	136	784
Prepayments	17	6,123	7,088
Receivables		**16,093**	**49,529**
Cash at bank and in hand		**54,415**	**28,486**
Current assets		**80,879**	**93,513**
Assets		**257,355**	**342,997**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TUSD	TUSD
Share capital	18	57	57
Retained earnings		118,986	96,004
Equity		**119,043**	**96,061**
Credit institutions		62,323	92,771
Lease obligations		18,914	13,705
Long-term debt	19	**81,237**	**106,476**
Credit institutions	19	5,604	7,620
Lease obligations	19	32,005	31,665
Trade payables		10,665	12,746
Payables to group enterprises		2,656	59,151
Corporation tax		1,722	684
Other payables	15	3,981	19,930
Deferred income	20	442	8,664
Short-term debt		**57,075**	**140,460**
Debt		**138,312**	**246,936**
Liabilities and equity		**257,355**	**342,997**
Contingent assets, liabilities and other financial obligations	21		
Related parties	22		
Subsequent events	23		
Accounting Policies	24		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TUSD	TUSD	TUSD
Equity at 1 January	57	96,004	96,061
Contribution from group	0	5,081	5,081
Net profit/loss for the year	0	17,901	17,901
Equity at 31 December	**57**	**118,986**	**119,043**

Notes to the Financial Statements

	2024	2023
	TUSD	TUSD

1. Revenue

	2024	2023
	TUSD	TUSD
Geographical segments		
Globally	577,018	601,893
	577,018	**601,893**
Business segments		
Freight revenue	310,720	443,791
COA revenue	25,053	57,937
Time charter revenue	241,245	100,165
	577,018	**601,893**

2. Special items

	2024	2023
	TUSD	TUSD
Gain on sale of vessels (Other operating income)	17,605	20,379
	17,605	**20,379**

3. Staff expenses

	2024	2023
	TUSD	TUSD
Wages and salaries	18,688	18,847
Pensions	1,000	977
Other social security expenses	139	301
	19,827	**20,125**
Including remuneration to the Executive Board and Board of Directors	**1,417**	**2,276**
Average number of employees	**66**	**63**

	2024	2023
	TUSD	TUSD
4. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	25,987	31,094
	25,987	**31,094**

	2024	2023
	TUSD	TUSD
5. Income from investments in subsidiaries		
Share of profits of subsidiaries	0	79
Share of losses of subsidiaries	-967	-18
Loss on sale of companies	-11	0
	-978	**61**

	2024	2023
	TUSD	TUSD
6. Income from investments in associates		
Share of profits of associates	156	0
Share of losses of associates	0	-115
	156	**-115**

	2024	2023
	TUSD	TUSD
7. Financial income		
Interest received from group enterprises	925	19
Other financial income	1,962	2,566
	2,887	**2,585**

Notes to the Financial Statements

8. Financial expenses

	2024 TUSD	2023 TUSD
Interest paid to group enterprises	3	0
Other financial expenses	10,041	9,742
Exchange adjustments, expenses	652	1,168
	10,696	**10,910**

9. Income tax expense

	2024 TUSD	2023 TUSD
Current tax for the year	1,722	684
Deferred tax for the year	648	-671
Adjustment of tax concerning previous years	-455	403
	1,915	**416**

10. Profit allocation

	2024 TUSD	2023 TUSD
Extraordinary dividend paid	0	30,000
Retained earnings	17,901	-26,649
	17,901	**3,351**

11. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Vessels	Right-of-use assets
	TUSD	TUSD	TUSD
Cost at 1 January	10,468	145,304	108,712
Additions for the year	0	42,800	45,848
Disposals for the year	0	-75,595	-28,820
Cost at 31 December	10,468	112,509	125,740
Impairment losses and depreciation at 1 January	9,086	4,291	63,303
Depreciation for the year	0	5,200	20,787
Reversal of impairment and depreciation of sold assets	0	-1,142	-9,088
Impairment losses and depreciation at 31 December	9,086	8,349	75,002
Carrying amount at 31 December	**1,382**	**104,160**	**50,738**

Notes to the Financial Statements

	2024	2023
	TUSD	TUSD
12. Investments in subsidiaries		
Cost at 1 January	299,156	299,156
Additions for the year	1	0
Disposals for the year	-50,464	0
Cost at 31 December	248,693	299,156
Value adjustments at 1 January	-244,910	-244,971
Disposals for the year	9,729	0
Net profit/loss for the year	-967	61
Value adjustments at 31 December	-236,148	-244,910
Carrying amount at 31 December	**12,545**	**54,246**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Lauritzen Bulkers Singapore Pte. Ltd.	Singapore	TUSD 86,000	100%
J. Lauritzen (USA) Inc.	USA	TUSD 1	100%
Lauritzen Bulkers Poland LLC	Poland	TPLN 5	100%

13. Investments in associates

	2024	2023
	TUSD	TUSD
Cost at 1 January	8,154	8,154
Additions for the year	83	0
Cost at 31 December	8,237	8,154
Value adjustments at 1 January	-1,120	-1,005
Net profit/loss for the year	156	-115
Value adjustments at 31 December	-964	-1,120
Carrying amount at 31 December	**7,273**	**7,034**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
Admiral Logistics Corporation	Panama	TUSD 10,000	50%
DeaL Energy A/S	Denmark	TUSD 78	50%

14. Other fixed asset investments

	Deposits
	TUSD
Cost at 1 January	400
Disposals for the year	-22
Cost at 31 December	378
Carrying amount at 31 December	**378**

	2024	2023
	TUSD	TUSD

15. Derivative financial instruments

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

	2024	2023
	TUSD	TUSD
Assets	2,500	285
Liabilities	623	11,342

	Value adjustment, income statement	Fair value at 31. December
	TUSD	TUSD
Interest rate Swaps (Hedge accounting not applied)	390	390
Currency: USD/EUR (Hedge accounting not applied)	30	30
Currency: USD/DKK (Hedge accounting not applied)	-582	-582
Currency: USD/CAD (Hedge accounting not applied)	-42	-42
EUA, FFA's and oil contracts (Hedge accounting not applied)	2,081	2,081

Changes in fair value are recognized as follows in the income statement:
- Interest rate Swaps and currency Swaps: financial items
- EUA and oil contracs: direct expenses
- FFA's: revenue

The contracts are as follows:

Hedge Accounting not Applied:
- Interest rate swaps, with a nominal value of TUSD 31,630 and a duration of 33 months.
- Currency: USD/EUR, with a nominal value of TUSD 445 and a duration of 0-1 months.
- Currency: USD/DKK, with a nominal value of TUSD 11,550 and a duration of 0-12 months.
- Currency: USD/CAD, with a nominal value of TUSD 3,350 and a duration of 2 months.
- EUA, FFA and oil contracts with a duration of 0-48 months.

Hedge Accounting Applied:
-No contracts.

	2024	2023
	TUSD	TUSD
16. Deferred tax asset		
Deferred tax asset at 1 January	784	1,455
Amounts recognised in the income statement for the year	-648	-671
Deferred tax asset at 31 December	**136**	**784**

The recognized tax asset comprises tax loss carry-forwards expected to be utilised within the next one to three years. However, due to the length of the period, recognition and measurement of the tax asset are subject to uncertainty.

17. Prepayments

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

18. Share capital

The share capital consists of 400,002 shares of a nominal value of DKK 1. No shares carry any special rights.

19. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2024	2023
	TUSD	TUSD
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	62,323	92,771
Long-term part	62,323	92,771
Other short-term debt to credit institutions	5,604	7,620
	67,927	**100,391**

19. Long-term debt

	2024 TUSD	2023 TUSD
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	18,914	13,705
Long-term part	18,914	13,705
Within 1 year	32,005	31,665
	50,919	**45,370**

20. Deferred income

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

21. Contingent assets, liabilities and other financial obligations

Charges and security

The Company has issued an owner's mortgage of USD 186m creating a charge on vessels with a carrying amount of USD 104,160k at 31 December 2024. The owner's mortgage is deposited as security for debt to credit institutions which amount to USD 67,927k at 31 December 2024.

Other contingent liabilities

The Company has agreed to charter-in seven newbuild vessels on three-year or five-year time-charters. The lease obligations for the seven vessels will be a total MUSD 143 for the minimum duration of the leases. Purchase options are included on the seven vessels. The time-chartered vessels are planned to deliver during 2025-2028, with four vessels in 2025, one in 2026, one in 2027 and one in 2028.

The Company is jointly taxed with the Danish subsidiaries of the Lauritzen Foundation with respect to Danish corporate taxation. The group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income.

In addition, the Company is jointly taxed with the Lauritzen Foundation and its subsidiaries with respect to global top-up taxation ("Pillar II"-taxation). Any subsequent adjustments of corporation taxes or "Pillar II"-taxes and withholding taxes may increase the Company's liability.

In 2005, the Danish based companies of the J. Lauritzen Group, including Lauritzen Bulkers, entered the Danish tonnage taxation system, the adoption of which is binding until at least 2034. Lauritzen Bulkers does 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, Lauritzen Bulkers were to leave the Danish tonnage taxation system there could be a deferred tax liability of up to a maximum of USD 8.5m.

Notes to the Financial Statements

22. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Lauritzen Foundation	Ultimate parent company
J. Lauritzen A/S	Parent company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the parent company.

Name	Place of registered office
Lauritzen Fonden Holding ApS	Tranegårdsvej 20, DK-2900 Hellerup
J. Lauritzen A/S	Tranegårdsvej 20, DK-2900 Hellerup

The Group Annual Report of J. Lauritzen A/S and Lauritzen Fonden Holding ApS may be obtained at the following address:

https://datacvr.virk.dk/

23. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

24. Accounting policies

The Annual Report of Lauritzen Bulkers A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in USD'000. Applied US Dollar exchange rate on the 31 December 2024 is 714.29 (2023 674.47).

Fee to Auditors

With reference to section 96(3) of the Danish Financial Statements Act the fee to the auditors appointed at the general meeting has not been disclosed.

Consolidated financial statements

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

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of J. Lauritzen A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Leases

The Company uses IFRS 16 when measuring and recognizing leases.

Notes to the Financial Statements

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 corresponding lease liabilities, which are measured as the present value of the lease payments at initial recognition. A service element corresponding to the OPEX element on a similar vessel is excluded from the lease at initial 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 element: The lease commitment is reduced by the service element that has been estimated as the average vessel operating cost of a similar asset on market terms.

Time charter agreements are typically made for fixed periods but may include extension- and purchase options. Options are included in the recognition if the Company is reasonably certain to exercise the option. If the Company exercises an option which was not previously included, the lease liability is reassessed and adjusted against the right-of-use asset.

Translation policies

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

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

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

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

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

Income statement

Revenue

The Group has chosen IFRS 15 as interpretation for revenue recognition.

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 (together freight income), 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.

Revenue comprises the present value of services rendered and net of discounts. Revenue is recognised in the income statement for the financial year as earned.

All freight income and voyage costs are recognised as the freight services are rendered (percentage of completion). The percentage of completion is determined using the load-to-discharge method based on the percentage of the estimated duration of the voyage completed at the reporting date. According to this method, freight income and related costs are recognised in the income statement according to the entered charter parties from the vessel's load date to the delivery of the cargo (discharge). The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the discharge (load to discharge). This applies to all spot transports and transports under Contracts of Affreightment (COAs).

Costs directly attributable to relocating the vessel to the load port under the contract are capitalised to the extent that they are recoverable.

Demurrage is recognised if the claim is considered probable.

Direct expenses

Direct expenses covers vessels running costs include hire of chartered vessels under 12 months, bunker oil, port costs, agent's commissions and other voyage related costs. Furthermore, vessels running costs include fair value changes on financial bunkers contracts used to hedge future bunkers purchases. Hedge accounting is not applied for these transactions.

Vessels running costs also includes maintenance and repairs, 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 in accordance with IFRS 16 Leases.

Direct expenses

Direct expenses covers vessels running costs include hire of chartered vessels under 12 months, bunker oil, port costs, agent's commissions and other voyage related costs. Furthermore, vessels running costs include fair value changes on financial bunkers contracts used to hedge future bunkers purchases. Hedge accounting is not applied for these transactions.

Vessels running costs also includes maintenance and repairs, 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 in accordance with IFRS 16 Leases.

Other external expenses

Other external costs include sales costs and administrative expenses include land-based activities, and maintenance of equipment. Furthermore, sales costs, marketing costs and administrative expenses are included.

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries, associates og participating interests

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

Income from investments in subsidiaries and associates

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Group is subject to the Danish rules on compulsory joint taxation, and is jointly taxed with subsidiaries of the Lauritzen Fonden. In addition the Group is subject to the global top-up taxation ("Pillar II"-taxation).

Shipping activities in Denmark are taxed according to the Danish Tonnage Tax Scheme on the basis of the net tonnage (vessels), which the Danish group entities in question have at their disposal, and according to general tax regulations for net financial income and other activities.

Notes to the Financial Statements

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Vessels	25 years
Docking	2,5-5 years
Other fixtures and fittings, tools and equipment	5-10 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

Management monitors continuously, on a portfolio basis, the carrying value of tangible non-current assets (owned vessels and right-of-use vessels) in order to determine, whether there are any indications of impairment in excess of the amount provided for by normal depreciations and whether previous impairments should be reversed.

An impairment test is conducted if there is an indication that the carrying amount of an asset or a cashgenerating unit (CGU) exceeds the expected future cash flows from the asset. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value-inuse. If a recoverable amount for the individual assets cannot be determined, the smallest group of assets for which it is possible to determine the recoverable amount (cash-generating unit) is analysed for impairment.

Management's assessment of indication of impairment on owned vessels and leased vessels is based on the that the Group has one CGU: Bulk carriers (owned and right-of-use vessels). An impairment loss is recognised whenever the carrying amount of 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. Reversal of previous impairments is only recognised if there has been a change in the assumptions used to determine the recoverable amount since the last impairment test was carried out.

Investments in subsidiaries, associates and participating interests

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

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

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

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

Other investments

Other investments comprise investments in unlisted securities in which the Company holds below 20% of the voting rights and does not exercise significant influence. Other investments are measured at fair value. The fair value is made up at the market value at the balance sheet date at a value made up using generally recognised valuation principles if the securities are unlisted. If the fair value cannot be reliably measured, cost is used as an alternative.

Other fixed asset investments

Other fixed asset investments consist of rental deposits, receivables from group enterprises and associates with is due after one year.

Inventories

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

Receivables

The Company has chosen IFRS 9 as interpretation for impairment of financial receivables.

Notes to the Financial Statements

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 Expected Credit Loss method, and expected losses are recognised in the profit and loss.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Investments in subsidiaries and associates

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

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

Receivables

The Company has chosen IFRS 9 as interpretation for impairment of financial receivables.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 Expected Credit Loss method, and expected losses are recognised in the profit and loss.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Notes to the Financial Statements

Prepayments

Prepayments comprise prepaid expenses concerning time charter, insurance premiums, etc.

Equity

Reserve for net revaluation according to the equity method. Net revaluation of investments in subsidiaries and associates/joint ventures is recognised in the net revaluation reserve according to the equity method. The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

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

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

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

Financial Highlights

Explanation of financial ratios

Profit margin	Profit/loss of primary operations x 100 / Revenue
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity