Lauritzen Bulkers A/S

Tuborg Havnevej 15, DK-2900 Hellerup

Annual Report for 2023

CVR No. 55 70 01 17

The Annual Report was presented and adopted at the Annual General Meeting of the company on 4/3 2024

Dorte Rolff
Chairman of the general meeting

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 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

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

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

Copenhagen, 4 March 2024

Executive Board

Niels Åge Josefsen

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 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Lauritzen Bulkers A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

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

Statement on Management’s Review

Management is responsible for Management’s Review.

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

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

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

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

Management’s responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 4 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Friis Jørgensen	Bo Schou-Jacobsen
State Authorised Public Accountant	State Authorised Public Accountant
mne28705	mne28703

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	Niels Åge Josefsen
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:

	2023	2022	2021	2020	2019
	TUSD	TUSD	TUSD	TUSD	TUSD
Key figures					
Profit/loss					
Revenue	601,893	929,952	836,588	380,359	387,498
Operating profit/loss	-9,185	79,068	98,937	-10,471	-59,858
Profit/loss before financial income and expenses	12,147	101,524	98,937	-10,465	-59,561
Net financials	-8,458	-32,842	92	-8,621	-27,109
Net profit/loss for the year	3,351	77,331	95,959	-19,288	-87,624
Balance sheet					
Balance sheet total	342,997	433,845	260,350	177,195	210,500
Investment in property, plant and equipment	165,211	183,451	13,768	9,453	9,800
Equity	96,061	190,710	128,850	30,873	18,722
Number of employees	63	58	60	57	51
Ratios					
Profit margin	2.0%	10.9%	11.8%	-2.8%	-15.4%
Return on assets	3.5%	23.4%	38.0%	-5.9%	-28.3%
Solvency ratio	28.0%	44.0%	49.5%	17.4%	8.9%
Return on equity	2.3%	48.4%	120.2%	-77.8%	-936.1%

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

2023 was not an easy year to navigate in. The year was marked by geopolitical turbulences in the Middle East, continued conflict in Ukraine, weather-related disturbances and new levels of inflation and interest rates. Towards the end of the year global trade was also affected by a de facto closure of the Suez Canal.

Dry bulk rates generally eased back in 2023 on the back of reduced fleet 'inefficiencies' and some, although limited, fleet growth over recent years, which countered a relatively supportive demand growth, leading average bulk carrier rates (BDI) to fall by 29% y-o-y. Rate levels were generally more resilient in the larger vessel sizes, which remained fairly flat for most of the year; however, the handysize bulk carrier index ended 51% down y-o-y in 2022.

Despite these challenges, we managed to deliver a result before unrealised hedging and tax of USDm 14.4 compared to USDm 91 in 2022.

We also made progress on our strategic objectives and increased our trading capacity by recruiting additional skilled, talented people and successfully integrating them into our trading-oriented business model. Consequently, the number of fixtures reached 1,227 in 2023 compared to 1,009 in 2022.

We further refined our business model by establishing a dedicated Freight Forward Agreement (FFA) book providing FFAs to our different business units, thus enhancing our risk mitigation setup against market volatility.

The impact of weather-related incidents on tonnage supply led us to add a short-term supply model to our market intelligence efforts.

Due to several well-timed and well-executed vessel sales and purchases, our fleet of owned handysize bulk carriers amounted to eight at year-end 2023, compared to five at the end of 2022. We now have a more modern fleet of energy-efficient vessels, which have been retrofitted with energy-saving and energy-consumption monitoring equipment.

We sincerely appreciate that everyone at Lauritzen Bulkers worked hard, dedicated to meeting customers' needs and demands, and that we together with our suppliers and partners, continued to deliver first-class dry cargo marine services. A sincere thank you to all of you for your trust.

The weakened demand in the second half of 2023 is expected to continue into the first half of 2024, whereafter we expect freight markets to gradually increase as interest rate declines and enhanced economic activity and investments gain growth momentum. The increase is in part expected to be driven by limited supply growth in handysize dry bulk markets.

Responsibility
Lauritzen Bulkers has since 2010 been committed to the UN Global Compact, and since 2022 been an independent signatory. We will continue our commitment to the ten principles, which address human and labour rights, the environment and anti-corruption and serve as guiding pillars of our business operations.

Our strategic focus on environmental, social and business governance (ESG) matters led us in 2023 to initiate several projects, in particular to meet the coming reporting requirements under the European Union's Corporate Sustainability Reporting Directive (CSRD) and prepare for the operational handling of the EU ETS regulation in addition to the existing regulations targeted at reducing transportation-related carbon emissions, especially the Carbon Intensity Indicator (CII). A dedicated ESG function was established to coordinate these, and other initiatives aimed at addressing the impact Lauritzen Bulkers has on sustainability matters and how these influences, in turn, shape Lauritzen Bulkers.

For the year ahead of us, our responsibility efforts will focus on our investments in equipment and resources directed at fleet performance optimisation and to ensure that they steer our business in an even more sustainable direction. Work to complete our preparation for CSRD will require plenty of attention throughout the organisation but will also be guiding the development of our ESG strategy in 2024.

Management's review

Niels Josefsen
CEO

Kristian Mørch
Chairman of the Board of Directors

Management's review

RESULT AND HIGHLIGHTS

Lauritzen Bulkers' net result for 2023 was a profit of USDm 3.3 and the result before unrealised hedging and tax was USDm 14.4. In 2022, Lauritzen Bulkers' result from its core dry bulk business before unrealised hedging and tax amounted to USDm 91.0 and the company's net result for 2022, including the impact from a merger with group companies, was a profit of USDm 77.3. Profit from sales of vessels contributed USDm 20.4 to the net result in 2023 (in 2022, profit from sales of vessels contributed USDm 20.8 to the net result). The net result includes result of freight derivatives and fuel hedging instruments, recognised in the revenue and the running costs, respectively. The unrealised result of these derivative instruments amounted to USDm (10.6) in 2023 (USDm (12.4) in 2022).

At year-end 2023, shareholders' equity amounted to USDm 96.0, down from USDm 190.7 at year-end 2022. Cash and cash equivalents stood at USDm 28.5, down from USDm 124.6 at year-end 2022. The decrease in shareholders' equity and cash in part reflects a dividend distribution of USDm 98.0 in 2023.

The result for 2023 was less than the expected result of USDm 25-50 before unrealised hedging, particularly due to a negative result in Q4 where the freight markets, contrary to our anticipation, strengthened.

Strategy update

The strategic objectives of Lauritzen Bulkers for 2023 focused on increasing our activity, strengthening the relationship with our customers, suppliers, and partners, as well as the combined objective of pursuing our ambition to transition our business towards meeting the needs of green shipping and prepare handling the multiple elements of ESG-related regulation.

However, economic and political uncertainty set a challenging tone for the demand for oceangoing transportation of dry bulk commodities in 2023 with a global decline in investment spending and consumption as well as the continued Russian War in Ukraine. The supply of tonnage experienced a number of disruptions causing unusual volatility in dry bulk markets.

This caused 2023 to become a challenging year for our business. Yet, we managed to deliver not only a positive financial result to our owner, but also to deliver progress on our strategic objectives.

We successfully managed to increase our trading capacity by recruiting more skilled, talented people and successfully integrating them into our trading-oriented business model. In parallel, dedicated work was done to ensure that we applied a structured, key account management-oriented approach when working with clients and tonnage providers. This paves the way for business growth and improves our ability to pursue business opportunities more swiftly. Both elements support our objective of growing our short-term trading activity, and we saw a growth in the number of fixtures from 1,009 in 2022 to 1,227 in 2023.

Retrofitting our own fleet with energy-saving and energy-monitoring devices began in 2023. The benefits in terms of lower emissions via lower bunker consumption are materialising. More initiatives are planned to optimise our operational fleet control.

Several projects were kicked off in 2023 to ensure we meet the growing regulatory requirements related to environmental, social and business governance (ESG) matters. The projects focused on our preparation to meet the reporting requirements under the European Union's Corporate Sustainability Reporting Directive (CSRD), effective for us from fiscal year 2025, the operational handling of the EU ETS regulation on emissions that started 1 January 2024 and the existing regulations targeted at reducing transportation-related carbon emissions, particularly the Carbon Intensity Indicator (CII).

Work to refine and enhance our existing ESG strategy took off in 2023 and will be a key focus area in 2024. Learnings from the retrofitting project and particularly the CSRD preparation project provide important input to the detailing of our ESG strategy and setting of ESG-related targets.

Management's review

We firmly believe that being capable of handling the growing complexity surrounding our markets, clients' needs, increasing regulatory requirements, new types of risk and the availability of vast amounts of data, is an opportunity we must grasp to persistently deliver a stable, positive return to our owner.

Business model

Lauritzen Bulkers' business model continued unchanged in 2023 with focus on being a short-term freight trader and owner/operator in global dry bulk shipping.

Being active mainly in the handysize segment, we handle a variety of cargoes, the majority of which are agricultural products, energy and construction materials. By having highly skilled professional staff at sea and ashore we can offer our clients to handle commodity types that are operationally demanding due to their nature and/or geographical location.

More than 290 clients were serviced during 2023, and the top ten accounted for approximately 32% of Lauritzen Bulkers' revenue in 2023.

We insist on having a data-driven approach to our way of organising and doing our trading business. This includes having dedicated, sophisticated risk management procedures and in-house market research in combination with deep market knowledge.

Our trading focus includes active portfolio management and the use of FFAs for hedging and managing our position and exposure. The trading activities are organised as three separate business books: Short-Term Book (STB) for commitments up to four months, Long-Term Book (LTB) for commitments between four months and two years, and Asset Management Book (AMB) for commitments exceeding two years, including vessel ownership and sale and purchase of vessels. Each has its own focus on the opportunities in its unique business area.

The trading model was further enhanced in 2023 by establishing a separate FFA book with a dedicated mandate to manage FFA hedging needs for the three other books, do technical FFA trading and control our overall FFA position.

Business performance

The result before unrealised hedging and tax in 2023 of USDm 14.4 reflected a challenging year with regards to trading, particularly during the last quarter of 2023, but also a number of well-timed and well-executed vessel sales and purchases that made a notable contribution to the result for 2023. As such, it is a demonstration of the diversity of the different value drivers behind our business model.

Short-Term Book (STB)

The STB trading activity generated a contribution margin of USD/day 989 per ship day (USD/day 2,252 in 2022) on the basis of 1,132 fixtures in 2023 (948 fixtures in 2022).

Long-Term Book (LTB)

The LTB generated a contribution margin of USD/day (1,964) per ship day (USD/day 11,715 in 2022). The negative contribution was mainly attributable to expensive vessels taken on period charter in Q2 2022. These vessels were, however, redelivered in mid-2023.

Asset Management Book (AMB)

The AMB generated a contribution margin of USD/day 6,881 (USD/day 8,812 in 2022), in addition to realising a profit from sales of vessels of USDm 20.4.

During 2023, seven vessel purchases and four vessel sales were completed which helped to lower the average age of our fleet of owned vessels. One further vessel purchase agreement was executed in late 2023 for delivery in 2024, and one vessel was agreed to be sold for delivery in 2024. Seven of the eight vessel purchases were based on the execution of purchase options included in long-term time-charter agreements.

In 2023, we took delivery of two long-term chartered newbuildings with purchase options, and we expect to take delivery of one additional long-term chartered newbuilding during 2024. Four additional long-term chartered newbuildings are agreed to be delivered in 2025 and one further in 2026.

At year-end, our fleet included eight 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 USDm 204.8 by two independent ship brokers in December 2023.

AFTER YEAR-END EVENTS

Early January 2024, it was agreed with J. Lauritzen, the owner of Lauritzen Bulkers, to contribute their 50% ownership of DeaL Energy A/S to Lauritzen Bulkers. DeaL Energy, which is co-owned with DFDS A/S, provides bunker procurement services to the shipping industry.

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

OUTLOOK FOR 2024

Several factors and challenges affected 2023: wars, the real estate crisis in China, the normalisation of inflation and tightened monetary policies all had an impact on economic activity and caused consumption and investment activity to decline globally. Combined with trade disruptions due to Panama Canal water levels, which were at their lowest point in over half a century, and Houthi attacks in the Red Sea, we saw dry bulk markets display unusual volatility during the year. The weakened demand in the second half of 2023 is expected to continue into the first half of 2024, whereafter we expect freight markets to gradually improve as interest rates decline and enhanced economic activity and investments gain growth momentum. This improvement is in part expected to be driven by limited supply growth in handysize dry bulk markets.

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

- The speed of the recovery of the Chinese economy
- The Russian war in Ukraine
- Normalisation of the security situation in the Red Sea, particularly the Houthi attacks on vessels transiting these waters
- Normalisation of the Panama Canal transit capacity
- Oil and commodity price volatility
- Climate change and the need to reduce transportation-related carbon emissions, in particular the implications of CII
- The number and frequency of interest rate declines

Lauritzen Bulkers expects a net profit of USDm 10-30 before unrealised hedging and tax in 2024. The expected net profit includes the expected profit of USDm 11 from planned sales of vessels. The expected net profit 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.

Beyond 2024, we foresee market conditions for handysize dry bulk shipping staying above the historic average of the past 10 years.

Management's review

RISK MANAGEMENT

Our ability to commercially take a position in the market and manage our risk related to that position is central to Lauritzen Bulkers' business model. Our risk appetite and approach to commercial risk management remained unchanged in 2023 compared to 2022.

On an annual basis, an Enterprise Risk Management review is conducted. Findings and recommended actions are adopted by the Board of Directors.

Commercial risk

We actively take positions and exposure when entering commercial commitments to own and charter-in tonnage and to carry cargo, or similarly, by use of derivatives (FFAs). The primary focus is on taking short-and medium-term positions that have a high degree of liquidity, as this enables us to manage the risk exposure. 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 risk mandate approved by the Board of Directors.

Risk related to the impact of environmental regulations

A string of regulations targeted at incentivising the shipping industry to transition to green shipping has been imposed in recent years. 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 entire organisation to prepare to not only live up to the regulatory requirements but also to adapt our own business and be ready to support clients' need for reducing GHG emissions.

Sanctions risk

Violation of sanctions can have severe consequences and the risk of violation is unacceptable. Guided by our Sanction Policy, we perform detailed sanctions checks to ensure that we do not enter agreements with counterparties having been sanctioned. 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.

Our framework for managing the sanction risk of clients is also linked to our assessment of credit risk on our clients.

Credit risk

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

Cargo contract earnings can be heavily influenced by price volatility on the fuel (bunkers), as bunkers typically are the single most important variable cost factor. To mitigate the risk, hedging of bunker consumption is arranged when a forward commitment is accepted, and if a bunker adjustment factor is not included in the cargo contract.

Management's review

Emissions cost risk

In preparation for the EU ETS regulation that came into force on 1 January 2024, we amended our risk management setup during 2023 to also handle our risk and exposure in relation to emissions during voyages in the EU. We view this risk as similar to our bunker risk and will generally not sit with exposure to emission allowances. We offer to handle our clients' EU emission allowances, but this is done without taking any position on allowances.

Financial risk

Financial risk relates to payment obligations, interest rate and currency risk.

Liquidity management is system supported and cash flow movements are projected daily. This is supplemented with forecasts on a weekly and a monthly horizon as well as for multi-year periods for planning purposes. The forecasts also address repayment on financing of the owned vessels.

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.

Operational risk

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.

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 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. To enhance the dialogue and safety focus, we conducted annual officers' seminars.

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 2023.

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) v8 Security framework. Vulnerability checks are conducted regularly. Additionally, we conduct internal cyber security training sessions to increase the awareness and readiness against potential cyberattacks. Backups and a secondary data centre are in place to recover our systems within a reasonable time including external assistance in case of actual breach. During 2024, we will prepare for the coming NIS2 regulations.

RESPONSIBILITY

Since 2010, Lauritzen Bulkers has been committed to the UN Global Compact. Since early 2022, Lauritzen Bulkers has been an independent signatory, and is renewing its commitment to the ten principles, which address human and labour rights, the environment and anti-corruption, when submitting its Communication On Progress report. Together with the UN Sustainable Development Goals (SDGs), the 10 principles serve as guiding pillars of our business operations.

Strengthened by this guidance, responsibility lies at the core of Lauritzen Bulkers, and we have continued our collaborations with business partners and vendors to develop sustainable and intelligent seaborn solutions.

In early 2023, we established a dedicated ESG function, alongside a cross-departmental climate group. The objective of the ESG function is to coordinate initiatives and to navigate the increasingly complex ESG-related reporting landscape. The activities during 2023 concentrated on the preparation for the European Union's CSRD. As part of this, we conducted a preliminary Double Materiality Assessment to further understand the impact Lauritzen Bulkers has on sustainability matters and how these influences, in turn, shape Lauritzen Bulkers. Identified material matters encompass a range of areas, including climate change mitigation, labour conditions and corporate culture. These insights assist us in adopting a structured strategic approach to ESG aligned with our business model.

Lauritzen Bulkers is adhering to the UN Sustainable Development Goals:

UN SDG	Target	Actions
3 GOOD HEALTH AND WELL-BEING	3.9	Ensure safe operations on board our vessels.
5 GENDER EQUALITY	5.5	Transparent commitment to diversity with defined targets.
8 DECENT WORK AND ECONOMIC GROWTH	8.5 8.7	Close collaboration with local university and educational institutions. Adherence to international labour regulations to provide a decent and secure work environment for all.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.1	Enabling global trade.
10 REDUCED INEQUALITIES	10.2 10.3	Dedication to inclusivity and prevention of harassment.
13 CLIMATE ACTION	13.1	Weather monitoring and routing of all vessels. Retrofitting of own vessels. Emission reduction.
14 LIFE BELOW WATER	14.2	Implementation of ballast water treatment systems across all vessels to reduce pollution and prevent the spread of invasive species. Tracking forthcoming regulations to enhance systems further.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5	Persistent actions against corruption and actively engaged in the Maritime Anti-Corruption Network (MACN).
17 PARTNERSHIPS FOR THE GOALS	17.16 17.17	Engagement with vendors and business partners as well as international organisations such as the Global Maritime Forum and MACN. Representation in IMO MEPC.

Management's review

Business model

Lauritzen Bulkers is an active dry bulk ship owner and operator focusing on short-term freight trading, cf. paragraph “Business model”, page 9

People

We aim at being an attractive employer, nurturing a secure, inclusive, and progressive workplace for all employees. Ensuring the safety and well-being of our employees is our highest focus. Our organisation is guided by our four core values: accountability, resoluteness, empathy, and adaptability. These principles drive our daily efforts to deliver top-quality services to customers worldwide.

Diversity

Diversity holds significant importance for Lauritzen Bulkers, and we believe that a diverse workforce is essential to fostering a resilient and healthy company culture. This is reflected in our Diversity Policy.

For Lauritzen Bulkers, it was our goal to have 42% female employees at year-end 2023. Despite efforts taken, our share of female employees decreased from 40% at year-end 2022 to 38% at year-end 2023. We will review our actions, aiming for a 42% share at year-end 2024.

Lauritzen Bulkers aims to achieve a 20% share of the underrepresented gender among managers by year-end 2026. In parallel to the overall share of female employees, we experienced a decline in female representation in managerial positions, down to 16% at year-end 2023 from 20% at year-end 2022.

The diversity of our workforce increased as we welcomed employees from a range of additional nationalities in 2023. At year-end 2023, the workforce onshore consisted of 20 different nationalities.

Age distribution at year-end 2023:

	18 – 34	**35 – 54**	**55 +**
HEADQUARTER	27%	42%	32%
OTHER OFFICES	51%	42%	7%

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

A Diversity, Equity and Inclusion (DE&I) survey was conducted among the onshore staff in 2023, showing that 83% perceive Lauritzen Bulkers to do well in terms of DE&I. This output was consistent with the results from the previous year. A total 95% stated that they can be their authentic selves at work, and 91% felt comfortable sharing their personal background and experience at the office.

Health and safety

Ensuring the safety and health of every employee, both at sea and onshore, lies at the core of Lauritzen Bulkers. We aim to not only meet but also surpass legislative requirements. To achieve this, we maintain close collaboration with our external technical vessel manager to ensure that standards are upheld.

Unfortunately, in 2023, the Lost Time Injury Frequency (LTIF) increased from zero in 2022 to 2.22 in 2023. Together with our technical manager, we conducted a thorough analysis of each case in order to turn learnings into concrete actions to avoid any harm to our employees. LTIF indicates the number of lost-time injuries per million of working hours by the crew on board our own vessels. The data were obtained from the technical manager for our owned vessels.

Our concern extends not only to our employees but also to those working along our value chain. Regrettably, we experienced a fatal incident during 2023 involving a stevedore during a cargo operation on board one of our own vessels. Though the incident was not caused by technical failure of the vessel or misconduct by the vessel's crew, we deeply regret this incident and have taken steps to assist stevedores in securing safe operation when onboard our vessels. We have conducted an in-depth investigation and tightened procedures further to minimize the risk of such incidents in the future.

In 2023, there were 1.3 deficiencies on average during Port State Controls, almost unchanged compared to 2022. Zero detentions were reported throughout 2023. Our consistent performance means that we maintained an average RightShip Safety Score of 3.6 on a five-step scale by year-end 2023.

Employee wellbeing and talent attraction

Our employees are a key asset for Lauritzen Bulkers, and we strive to support their well-being.

At year-end in 2023, Lauritzen Bulkers employed a total of 265 people, comprising 160 at sea and 105 on land. During 2023, we welcomed 17 employees to join the company across various office locations. To facilitate a healthy work-life balance, we offer flexible working arrangements, including part-time positions as well as possibilities to work remotely. Our commitment to prioritising the well-being of our employees remains, as we look forward to expanding our team in the future.

In 2023, Lauritzen Bulkers hosted a seminar for its officers at sea, providing an opportunity to convene and revise on a diverse set of topics, including safety, sanctions and operational procedures. We also continued our collaborations with local universities and other educational institutions, aiming to guide young talents into the workforce.

Human rights

In line with two of our core values, accountability and empathy, we prioritise human rights throughout our operations and along the value chain. Fostering a conducive work environment for our employees is paramount for us. Our Human Rights Policy Statement, aligned with the principles of the UN Global Compact, underscores our adherence to internationally recognised human rights that are relevant to our business. We strive to uphold human rights not only in our own operations but also along the value chain. Furthermore, we strive to cultivate a work environment in which every individual is treated with respect and dignity. As such, we have a zero tolerance for any kinds of discrimination and harassment. This is further reinforced through our Anti-Harassment Policy. Throughout 2023, zero human rights or discrimination incidents were reported, and we are committed to maintaining this standard going forward.

Management's review

Environment

Emissions

We are on a journey towards a more sustainable future, and our commitments align with the revised IMO strategy, which was published in the MEPC (Marine Environment Protection Committee) 80. We fully support the intermediate objectives as well as the long-term targets of net zero GHG emissions by 2050. Our efforts will be focused on establishing internal targets to achieve the objectives of the IMO and the Paris Agreement.

During 2023, our collaboration with vendors and business partners was further expanded, addressing upcoming regulations and ensuring our preparedness. Particular attention was dedicated to the EU Emission Trading System (ETS), to which we are subject from 2024 onwards. We allocated resources to work together with service providers and other major industry players to ensure that the needed systems are in place to comply with the requirements. Efforts were dedicated to educating staff internally to better assist and serve our clients. Moving forward, our preparations regarding EU ETS will entail the incorporation of methane (CH_4) and nitrous oxide (N_2O) emissions into the scheme as laid out by the directive.

We have successfully integrated the Carbon Intensity Indicator (CII) and we are able to monitor the rating of our owned vessels and our long-term chartered fleet. This allows us to calculate the potential impact a voyage may have on a vessel´s current rating and track the voyage-per-voyage CII rating.

In addition to our ESG function and the existing cross-departmental climate group, we established a Fleet Performance function to monitor the performance of the entire fleet managed by Lauritzen Bulkers. This initiative enables the investigation of performance deterioration and facilitates responsive actions, such as hull cleaning and propeller polishing.

Selected vessels are undergoing installation of auto-logging equipment, and ongoing reviews of data validation processes are conducted to enhance data accuracy. This will facilitate a more precise evaluation of energy-saving solutions and ensure a comprehensive dataset for regulatory compliance. The tool enables the vessel to optimise performance through immediate feedback on fuel consumption when changing trim, course, and speed.

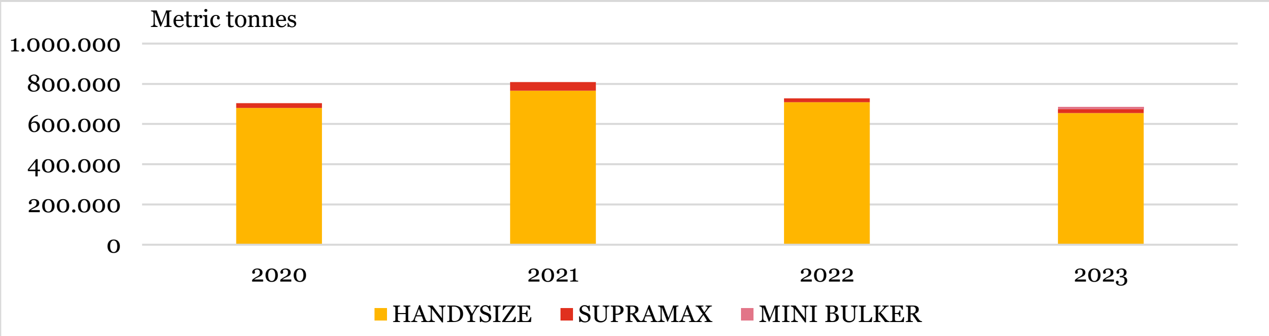
We are evaluating improving hull coatings for upcoming drydocking and, together with our technical managers, review energy-saving devices. Various enhancements, including a main engine software upgrade (PMI and Eco torque), as well as the installation of LED lights, have been implemented to improve the energy efficiency of our vessels. Furthermore, we have ordered offline filters for the engines to avoid the use of purifiers and oil heating and, as such, enhance fuel quality, enabling further reduction of energy consumption. The Fleet Performance Desk serves as a platform for evaluating the impact of these energy-saving installations.

We strive to have a young, energy-efficient fleet, and our vessel operations team aims at minimising unnecessary fuel consumption to reduce emissions. Collaborating with our routing company, our goal is to use the optimal speed at all times. Additionally, in collaboration with our technical manager, Lauritzen Bulkers is testing the usage of biofuels (B100) on board one of our own vessels to provide sustainable solutions to our clients.

In 2023, Lauritzen Bulkers' Scope 1 emissions amounted to around 684,000 metric tonnes of CO_2 (emissions from our own as well as operated fleet). While we recognise that this figure is not a complete picture of our Scope 1 emissions, we acknowledge that emissions resulting from the combustion of fuel on board the vessels represent the predominant share, thereby offering a robust estimate for our total Scope 1 emissions. We are currently working on providing transparent information on our full GHG accounting to be able to reduce emissions in a structured way and to define clear targets that align with international ambitions. Our GHG accounting is in line with the GHG protocol, where we have adopted an operational control approach.

Management's review

Emissions from vessel



Figures related to the combustion of fossil fuels on our own as well as operated fleet. As such, they make up the largest percentage of Lauritzen Bulkers´ Scope 1 emissions.

Lauritzen Bulkers succeeded in reducing emissions in 2023 by utilizing the controlled fleet, both owned and operated, at their full capacity, meaning that we assessed their actual engine capacity to determine the optimal speed, minimising unnecessary bunker consumption. Furthermore, weakened demand and low freight markets resulted in an overall reduced average speed, positively contributing to a reduction in emissions.

With this reduction, as well as increased tonne-miles, Lauritzen Bulkers improved its total EEOI to 12.3 g/tonne-mile in 2023 compared to 12.5 in 2022. Being at the initial stage of the journey towards emission reduction, Lauritzen Bulkers aims to expand its efforts to achieve further reduction, as well as to enhance the data quality and reporting capabilities.

Energy Efficiency Operational Indicator (EEOI)

SEGMENT	EMISSION	2023	2022	2021
HANDYSIZE	CO_2 (g/tonne-mile)	12.3	12.6	12.6
SUPRAMAX	CO_2 (g/tonne-mile)	9.6	8.5	11.3
MINI BULKER	CO_2 (g/tonne-mile)	27.2	-	-
TOTAL	CO_2 (g/tonne-mile)	12.3	12.5	12.6

The Energy Efficiency Operational Indicator (EEOI) figures are reported per segment based on actual consumption and are calculated in accordance with IMO`s guidelines (MEPC.1/Circ.684).

We are committed to keeping pace with upcoming regulations. As such, we will continue our efforts to understand the requirements of FuelEU Maritime and the necessary steps for compliance. We remain attentive to any new regulations or changes to existing ones. We joined the BIMCO ESG Network, which was established in 2023, to share insights with major industry players.

Close collaboration with our owner, J. Lauritzen, allows valuable insight and sharing of knowledge from their initiatives towards reaching a sustainable future in shipping, including the three dual-fuel methanol newbuildings ordered by our owner in 2023.

Management's review

Air pollution

As preparation for the CSRD, we have started to track certain air pollutants. In line with IMO, our efforts have been on SOx, NOx and PM. However, we acknowledge that there are further pollutants that we might have to monitor.

AIR POLLUTANT	2023	2022
SO_x (in metric tonnes)	1,382	6,696
NO_x (in metric tonnes)	N / A	N / A
Particulate matter (in metric tonnes)	N / A	N / A

Sulphur oxide emissions are derived from the bunker consumption from owned and operated vessels multiplied by the maximum sulphur content allowed for each respected grade. While this might provide a more conservative picture of emissions, it is deemed a good first estimate to get an indication of our emissions. An internal restructuring of fuel grades from high sulphur to low sulphur fuel in our systems and the corresponding maximum sulphur contents applied resulted in the sharp reduction in sulphur emissions and limited the direct comparison between the 2023 and 2022 figures.

We will work on establishing internal methods to calculate nitrogen oxide emissions as well as particulate matter in the future.

Governance

Corruption and bribery

Operating in the global shipping industry, Lauritzen Bulkers acknowledges and manages the potential risk of corruption. We remain steadfast in our commitment to prevent any form of corrupt practices, including demands for facilitations payments. This commitment is outlined in our Anti-Corruption Policy, where we firmly state our zero tolerance towards corruption. Both our Anti-Corruption and Gift and Hospitality Policy undergo an annual review by the Board of Directors. Compliance training was provided to our sea-based staff through our technical managers in 2023.

Only 0.4% of the ports called in 2023 were in countries that rank as the 20 lowest in the Transparency International Corruption Perception Index. Despite persistent efforts, two chartered-in vessels reported that a request for unfounded payment was made towards them throughout 2023. While we firmly stand behind our zero-tolerance policy, the two cases heightened our awareness.

Lauritzen Bulkers is an active member of the Maritime Anti-Corruption Network (MACN), supporting their collective actions to eliminate corruption. We encourage the reporting of any demand for facilitation payments in accordance with the guidelines provided by MACN, utilizing their anonymous database to increase transparency.

Whistle-blower system

Throughout 2023, we aimed at broadening awareness about our whistle-blower system both to employees at sea and onshore. The system allows both internal and external stakeholders to anonymously report concerns about potential violations regarding, among others, human and labour rights, harassment, corruption and bribery. Zero incidents have been reported through our system so far.

Management's review

Board and management composition

Lauritzen Bulkers has set a target of a minimum of 25% female representation in the Board of Directors by year-end 2026. The Board of Directors currently consists of four independent members, with no board member belonging to an underrepresented gender.

	2023
Supreme governing body	
Total number	4
Underrepresented gender %	0%
Target %	25%
Time for meeting target (year-end)	2026
Other management levels	
Total number	12
Underrepresented gender %	17%
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, up from 17% at year-end 2023.

Data ethics

To date, 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 instead of 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	2023	2022
		TUSD	TUSD
Revenue	1	601,893	929,952
Other operating income	6	21,621	22,456
Direct expenses		-548,792	-784,340
Other external expenses		-11,357	-11,040
Gross profit		**63,365**	**157,028**
Staff expenses	2	-20,125	-22,561
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-31,094	-32,943
Profit/loss before financial income and expenses		**12,146**	**101,524**
Income from investments in subsidiaries	4	61	77
Income from investments in associates	5,6	-115	-33,819
Financial income	7	2,585	6,610
Financial expenses		-10,910	-5,710
Profit/loss before tax		**3,767**	**68,682**
Tax on profit/loss for the year	8	-416	8,649
Net profit/loss for the year	9	**3,351**	**77,331**

Balance sheet 31 December

Assets

	Note	2023	2022
		TUSD	TUSD
Other fixtures and fittings, tools and equipment		1,382	1,382
Vessels		141,013	96,228
Right-of-use assets		45,409	86,093
Property, plant and equipment	10	**187,804**	**183,703**
Investments in subsidiaries	11	54,246	54,185
Investments in associates	12	7,034	7,149
Deposits	13	400	355
Fixed asset investments		**61,680**	**61,689**
Fixed assets		**249,484**	**245,392**
Bunkers and other inventory		15,498	11,829
Inventories		**15,498**	**11,829**
Trade receivables		12,797	3,496
Receivables from group enterprises	14	1,063	22,240
Other receivables	19	27,797	16,347
Deferred tax asset	15	784	1,455
Prepayments	16	7,088	8,512
Receivables		**49,529**	**52,050**
Cash at bank and in hand		**28,486**	**124,574**
Current assets		**93,513**	**188,453**
Assets		**342,997**	**433,845**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TUSD	TUSD
Share capital	17	57	57
Retained earnings		96,004	122,653
Proposed dividend for the year		0	68,000
Equity		**96,061**	**190,710**
Credit institutions		92,771	63,759
Lease obligations		13,705	6,631
Long-term debt	18	**106,476**	**70,390**
Credit institutions	18	7,620	3,646
Lease obligations	18	31,665	80,289
Trade payables		12,746	9,541
Payables to group enterprises		59,151	59,883
Corporation tax		684	0
Other payables	19	19,930	16,945
Deferred income	20	8,664	2,441
Short-term debt		**140,460**	**172,745**
Debt		**246,936**	**243,135**
Liabilities and equity		**342,997**	**433,845**
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	Proposed dividend for the year	Total
	TUSD	TUSD	TUSD	TUSD
Equity at 1 January	57	122,653	68,000	190,710
Ordinary dividend paid	0	0	-68,000	-68,000
Extraordinary dividend paid	0	-30,000	0	-30,000
Net profit/loss for the year	0	3,351	0	3,351
Equity at 31 December	**57**	**96,004**	**0**	**96,061**

Notes to the Financial Statements

	2023	2022
	TUSD	TUSD
1. Revenue		
Geographical segments		
Globally	601,893	929,952
	601,893	**929,952**
Business segments		
Freight revenue	443,791	719,524
COA revenue	57,937	42,530
Time charter revenue	100,165	167,898
	601,893	**929,952**

	2023	2022
	TUSD	TUSD
2. Staff Expenses		
Wages and salaries	18,847	21,488
Pensions	977	833
Other social security expenses	301	240
	20,125	**22,561**
Including remuneration to the Executive Board and Board of Directors	**2,276**	**1,906**
Average number of employees	**63**	**58**

	2023	2022
	TUSD	TUSD
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	-6,167
Depreciation of property, plant and equipment	31,094	39,110
	31,094	**32,943**

Notes to the Financial Statements

	2023	2022
	TUSD	TUSD
4. Income from investments in subsidiaries		
Share of profits of subsidiaries	79	153
Share of losses of subsidiaries	-18	-76
	61	77

	2023	2022
	TUSD	TUSD
5. Income from investments in associates		
Share of profits of associates	0	15,519
Share of losses of associates	-115	0
Loss on disposal	0	-49,338
	-115	**-33,819**

	2023	2022
	TUSD	TUSD
6. Special items		
Gain on sale of vessels (Other operating income)	20,379	20,803
Loss on BW Epic Kosan (Income/loss from investments in associates)	0	-37,225
	20,379	**-16,422**

	2023	2022
	TUSD	TUSD
7. Financial income		
Income from securities, which are fixed assets	0	3,361
Interest received from group enterprises	19	522
Other financial income	2,566	1,370
Exchange adjustments	0	1,357
	2,585	**6,610**

8. Income tax expense

	2023	2022
	TUSD	TUSD
Current tax for the year	684	403
Deferred tax for the year	-671	-7,795
Adjustment of tax concerning previous years	403	-1,257
	416	**-8,649**

9. Profit allocation

	2023	2022
	TUSD	TUSD
Extraordinary dividend paid	30,000	73,925
Proposed dividend for the year	0	68,000
Retained earnings	-26,649	-64,594
	3,351	**77,331**

10. 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	96,772	167,088
Additions for the year	0	117,332	47,879
Disposals for the year	0	-68,800	-106,255
Cost at 31. December	10,468	145,304	108,712
Impairment losses and depreciation at 1. January	9,086	544	80,995
Depreciation for the year	0	5,162	25,932
Reversal of impairment and depreciation of sold assets	0	-1,415	-43,624
Impairment losses and depreciation at 31. December	9,086	4,291	63,303
Carrying amount at 31. December	**1,382**	**141,013**	**45,409**

	2023	2022
	TUSD	TUSD

11. Investments in subsidiaries

	2023	2022
Cost at 1 January	299,156	357,694
Net effect from merger and acquisition	0	-58,538
Cost at 31 December	299,156	299,156
Value adjustments at 1 January	-244,971	-300,642
Net effect from merger and acquisition	0	55,594
Net profit/loss for the year	61	77
Value adjustments at 31 December	-244,910	-244,971
Carrying amount at 31 December	**54,246**	**54,185**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Lauritzen Reefers A/S,	Denmark	DKK 100,500k	100%
J. Lauritzen Singapore Pte.,	Singapore	USD 86,000k	100%
J. Lauritzen (USA) Inc.,	USA	USD 1k	100%
LKT Gas Carriers Pte Ltd,	Singapore	USD 37,500k	100%

	2023	2022
	TUSD	TUSD

12. Investments in associates

	2023 TUSD	2022 TUSD
Cost at 1 January	8,154	5,244
Net effect from merger and acquisition	0	65,434
Additions for the year	0	2,910
Disposals for the year	0	-65,434
Cost at 31 December	8,154	8,154
Value adjustments at 1 January	-1,005	-2,732
Disposals for the year	0	-57,829
Net effect from merger and acquisition	0	45,715
Net profit/loss for the year	-115	15,519
Dividends received	0	-1,678
Value adjustments at 31 December	-1,120	-1,005
Carrying amount at 31 December	**7,034**	**7,149**

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership
Admiral Logistics Corporation,	Panama	USD 10,000K	50%

13. Other fixed asset investments

	Deposits
	TUSD
Cost at 1. January	355
Additions for the year	45
Cost at 31. December	400
Carrying amount at 31. December	**400**

pwc

	2023	2022
	TUSD	TUSD
14. Receivables from group enterprises		
The following receivables fall due for payment more than 1 year after year end	0	15,302
Other receivables	1,063	6,938
	1,063	**22,240**

	2023	2022
	TUSD	TUSD
15. Deferred tax asset		
Deferred tax asset at 1 January	1,455	2,200
Net effect from merger	0	-8,540
Amounts recognised in the income statement for the year	-671	7,795
Deferred tax asset at 31 December	**784**	**1,455**

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

In 2005, the Danish based companies of the J. Lauritzen Group, including Lauritzen Bulkers A/S, entered the Danish tonnage taxation system, the adoption of which is binding until at least 2024. Lauritzen Bulkers A/S 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 A/S were to leave the Danish tonnage taxation system there could be a deferred tax liability of up to a maximum of USDm 8.5.

16. Prepayments

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

17. Share capital

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

18. 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:

	2023	2022
	TUSD	TUSD
Credit institutions		
After 5 years	0	0
Between 1 and 5 years	92,771	63,759
Long-term part	92,771	63,759
Other short-term debt to credit institutions	7,620	3,646
	100,391	**67,405**

	2023	2022
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	13,705	6,631
Long-term part	13,705	6,631
Within 1 year	31,665	80,289
	45,370	**86,920**

	2023	2022
	TUSD	TUSD

19. 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:

	2023 TUSD	2022 TUSD
Assets	285	4,627
Liabilities	11,342	1,430

	Value adjustment, income statement	Fair value at 31. December
	TUSD	TUSD
Interest rate Swaps (Hedge accounting not applied)	208	208
Currency: USD/EUR (Hedge accounting not applied)	-87	-87
Currency: USD/DKK (Hedge accounting not applied)	77	77
EUA, FFA's and oil contracts (Hedge accounting not applied)	-11,237	-11,237

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 34,430 and a duration of 45 months.
-Currency: USD/EUR, with a nominal value of tUSD 1,906 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.
-EUA, FFA and oil contracts with a duration of 0-48 months.

Hedge Accounting Applied:
-No contracts.

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 141.013k at 31 December 2023. The owner's mortgage is deposited as security for debt to credit institutions which amount to USD 100,391k at 31 December 2023.

As security for lease obligations of USD 45,370k, the company have placed Right-of-use assets with a carrying amount of USD 45,409k at 31 December 2023.

Other contingent liabilities

The Company has agreed to charter-in six newbuild vessels on five-year time-charter. The lease obligations for the six vessels will be a total USDm 136 for the minimum duration of the leases. Purchase options are included on the six vessels. The vessels are planned to deliver during 2024-2026, with one vessel in 2024, four vessels in 2025, and one in 2026.

The Company is jointly taxed with the Danish subsidiaries of the Lauritzen Foundation. The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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)(7) 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.

Notes to the Financial Statements

24. Accounting policies

The Annual Report of Lauritzen Bulkers A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements are presented in thousand USD. Applied USD/DKK exchange rate on the 31 December 2023: 674,47 (2022: 697.22).

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.

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.

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.

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.

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.

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	3-5 years
Other fixtures and fittings, tools and equipment	5-10 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

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.

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.

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.

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 Highlights

Explanation of financial ratios

Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary 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