
Bay Shipping A/S

Malaccavej 1, DK-8000 Aarhus C

Annual Report for 2023

CVR No. 11 82 26 06

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/4 2024

Karina Uldahl Kiel
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Practitioner's Extended Review Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bay Shipping 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.

Aarhus, 16 April 2024

Executive Board

Peter Ronnie Hulstrøm
Executive officer

Board of Directors

Peter Ronnie Hulstrøm

Frederik Christian Rye Lytzen

Thomas Holst Olsen

Mikkel Schmidt

Independent Practitioner's Extended Review Report

To the shareholder of Bay Shipping A/S

Conclusion

We have performed an extended review of the Financial Statements of Bay Shipping 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 are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, 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.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility 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.

Practitioner's responsibilities for the extended review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures to obtain limited assurance in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

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.

Independent Practitioner's Extended Review Report

In connection with our extended review 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 extended review, 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.

Hellerup, 16 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Søren Alexander
State Authorised Public Accountant
mne42824

Jeff Boye Ibsen
State Authorised Public Accountant
mne49859

Company information

The Company	Bay Shipping A/S Malaccavej 1 DK-8000 Aarhus C CVR No: 11 82 26 06 Financial period: 1 January - 31 December Municipality of reg. office: Aarhus
Board of Directors	Peter Ronnie Hulstrøm Frederik Christian Rye Lytzen Thomas Holst Olsen Mikkel Schmidt
Executive Board	Peter Ronnie Hulstrøm
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

The principal activities of the company

Bay Shipping A/S is a wholly owned subsidiary of Baltic Shipping Company A/S.

Baltic Shipping Company A/S acquired the company at the end of 2022.

Bay Shipping is specialized in Commercial Ship Management and Competitive Chartering and are transporting bulk and project cargo primarily in the Baltic Sea and Europe.

At the end of 2023 Bay Shipping has 1 vessel in commercial management.

Market overview and expected development

2022 marked a very strong year for the shipping industry in general, and in 2023 the market has somewhat normalized. Entering 2023 the market in the short sea coaster segment was still very strong until early summer where we saw quite a drop leading to a more normalized and stable good market towards the end of 2023 and this is also how 2024 has started.

2024 has started on a good note and we expect the market to be more stable this year, still somewhat effected by the high inflation and increasing high costs in 2022 and first half of 2023. We do expect a slightly lower result in 2024. We will continue the positive development of Bay Shipping.

The war in Ukraine has the outmost attention from the management. Every angle from sanctions to consequential market development are constantly vetted, and we are in very close dialogue with all our business partners and advisors. We do however, despite the opaque situation and the seriousness of the war, not foresee any reason to adjust our positive expectations for 2024.

The Management consider the result very satisfactory and in line with expectations.

Bay Shipping has during the year sold of its Agency division and will going forward continue to focus on competitive chartering.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2023	2022
		DKK 12 months	DKK 8 months
Gross profit		11,875,322	3,626,408
Staff expenses	1	-1,503,431	-1,218,605
Profit/loss before financial income and expenses		10,371,891	2,407,803
Income from investments in subsidiaries	2	12,061	982,772
Financial income	3	185,582	-44,140
Financial expenses	4	-109,221	-14,057
Profit/loss before tax		10,460,313	3,332,378
Tax on profit/loss for the year		-2,312,965	-548,855
Net profit/loss for the year		8,147,348	2,783,523
 Distribution of profit			
		2023	2022
		DKK	DKK
Proposed distribution of profit			
Proposed dividend for the year		8,100,000	3,680,955
Reserve for net revaluation under the equity method		0	982,772
Retained earnings		47,348	-1,880,204
		8,147,348	2,783,523

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Investments in subsidiaries	5	0	1,335,449
Deposits		36,924	36,924
Fixed asset investments		36,924	1,372,373
Fixed assets		36,924	1,372,373
Trade receivables		2,577,472	963,169
Receivables from group enterprises		2,377,184	1,470,930
Other receivables		161,345	248,068
Deferred tax asset		0	7,259
Receivables		5,116,001	2,689,426
Cash at bank and in hand		8,188,120	2,439,654
Current assets		13,304,121	5,129,080
Assets		13,341,045	6,501,453

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		500,000	500,000
Retained earnings		47,348	0
Proposed dividend for the year		8,100,000	3,680,955
Equity		8,647,348	4,180,955
Credit institutions		14,463	196,819
Trade payables		920,322	1,444,748
Payables to group enterprises		1,034,151	0
Corporation tax		2,469,664	546,414
Other payables		255,097	132,517
Short-term debt		4,693,697	2,320,498
Debt		4,693,697	2,320,498
Liabilities and equity		13,341,045	6,501,453
Contingent assets, liabilities and other financial obligations	6		
Accounting Policies	7		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	0	3,680,955	4,180,955
Ordinary dividend paid	0	0	-3,680,955	-3,680,955
Net profit/loss for the year	0	47,348	8,100,000	8,147,348
Equity at 31 December	500,000	47,348	8,100,000	8,647,348

Notes to the Financial Statements

	2023	2022
	DKK 12 months	DKK 8 months
1. Staff Expenses		
Wages and salaries	1,382,371	963,915
Pensions	117,084	240,545
Other social security expenses	3,976	14,145
	<u>1,503,431</u>	<u>1,218,605</u>
Average number of employees	<u>2</u>	<u>4</u>
	2023	2022
	DKK 12 months	DKK 8 months
2. Income from investments in subsidiaries		
Share of profits	12,061	982,772
	<u>12,061</u>	<u>982,772</u>
	2023	2022
	DKK 12 months	DKK 8 months
3. Financial income		
Interest received from group enterprises	0	9,319
Other financial income	90,837	2,719
Exchange gains	94,745	-56,178
	<u>185,582</u>	<u>-44,140</u>
	2023	2022
	DKK 12 months	DKK 8 months
4. Financial expenses		
Other financial expenses	14,265	14,057
Exchange loss	94,956	0
	<u>109,221</u>	<u>14,057</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
5. Investments in subsidiaries		
Cost at 1 January	125,000	125,000
Net effect from demerger and business sale	-125,000	0
Cost at 31 December	<u>0</u>	<u>125,000</u>
Value adjustments at 1 January	1,210,449	2,227,677
Disposals for the year	-1,222,510	0
Net profit/loss for the year	12,061	982,772
Dividend to the Parent Company	0	-2,000,000
Value adjustments at 31 December	<u>0</u>	<u>1,210,449</u>
Carrying amount at 31 December	<u>0</u>	<u>1,335,449</u>

6. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The company is part of the national joint taxation with Baltic Holding Hundested ApS, as a management company and unlimited and jointly and severally liable with the other jointly taxed companies for total corporation tax.

Notes to the Financial Statements

7. Accounting policies

The Annual Report of Bay Shipping A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

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.

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

Notes to the Financial Statements

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

Income statement

Revenue

Revenue recognised relates purely to commercial ship management, agency and stevedoring activities. Revenue is recognised when the risks and rewards relating to the service provided have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

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

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.

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Notes to the Financial Statements

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

Balance sheet

Investments in subsidiaries

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

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

Subsidiaries 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 fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Notes to the Financial Statements

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