
Baltic Coaster Chartering ApS

Ved Isefjorden 24, DK-3390 Hundested

Annual Report for 1 January - 31 December 2019

CVR No 20 75 82 87

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
17/6 2020

Karina Uldahl Kiel
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Baltic Coaster Chartering ApS for the financial year 1 January - 31 December 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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.

Hundested, 17 June 2020

Executive Board

Peter Ronnie Hulstrøm
Executive Officer

Board of Directors

Peter Ronnie Hulstrøm

Mikkel Schmidt

Thomas Holst Olsen

Independent Auditor's Report

To the Shareholder of Baltic Coaster Chartering ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Baltic Coaster Chartering ApS for the financial year 1 January - 31 December 2019, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

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 misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- 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

Independent Auditor's Report

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, 17 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Wraae Holm

State Authorised Public Accountant

mne30141

Company Information

The Company

Baltic Coaster Chartering ApS
Ved Isefjorden 24
DK-3390 Hundested

CVR No: 20 75 82 87

Financial period: 1 January - 31 December

Municipality of reg. office: Halsnæs

Board of Directors

Peter Ronnie Hulstrøm
Mikkel Schmidt
Thomas Holst Olsen

Executive Board

Peter Ronnie Hulstrøm

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

The principal activities of the company

Baltic Coaster Chartering ApS is a wholly owned subsidiary of Baltic Shipping Company A/S. The company was established in 1998 and have since been transporting bulk and project cargo primarily in the Baltic Sea.

We are specialized in Competitive Chartering.

At the end of 2019 we have 12 vessels on time charter.

Market overview and expected development

The market in general developed positively, which has enabled us to optimize our fleet and hence provide the best possible results for both vessels and freight owners.

Development in activities and financial matters

In 2019 Baltic Coaster Chartering had a total turnover of DKK 106.7 million which is an increase of 69% compared to 2018.

The result before tax is DKK 3.5 million compared to DKK 6.4 million in 2018, which is a decrease of 45%.

The Management consider the result lower than expected but yet satisfactory.

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	2019 DKK	2018 DKK
Gross profit/loss		3,519,449	6,264,564
Financial income	2	138,358	184,195
Financial expenses	3	<u>-144,425</u>	<u>-82,421</u>
Profit/loss before tax		3,513,382	6,366,338
Tax on profit/loss for the year	4	<u>-66,389</u>	<u>-58,022</u>
Net profit/loss for the year		<u>3,446,993</u>	<u>6,308,316</u>

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	3,450,000	6,400,000
Retained earnings	<u>-3,007</u>	<u>-91,684</u>
	<u>3,446,993</u>	<u>6,308,316</u>

Balance Sheet 31 December

	Note	2019 DKK	2018 DKK
Assets			
Inventories		1,683,503	746,293
Trade receivables		6,084,899	5,792,006
Receivables from group enterprises		302,845	0
Other receivables		100,096	113,813
Prepayments		1,744,563	348,887
Receivables		8,232,403	6,254,706
Cash at bank and in hand		1,581,802	3,034,804
Currents assets		11,497,708	10,035,803
Assets		11,497,708	10,035,803
Liabilities and equity			
Share capital		125,000	125,000
Retained earnings		49,569	52,576
Proposed dividend for the year		3,450,000	6,400,000
Equity		3,624,569	6,577,576
Trade payables		5,541,137	2,999,074
Payables to group enterprises		1,993,002	401,131
Corporation tax		66,389	58,022
Deferred income		272,611	0
Short-term debt		7,873,139	3,458,227
Debt		7,873,139	3,458,227
Liabilities and equity		11,497,708	10,035,803
Subsequent events	1		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	125,000	52,576	6,400,000	6,577,576
Ordinary dividend paid	0	0	-6,400,000	-6,400,000
Net profit/loss for the year	0	-3,007	3,450,000	3,446,993
Equity at 31 December	125,000	49,569	3,450,000	3,624,569

Notes to the Financial Statements

1 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company.

Many of the Company's customers have indicated that they will continue to purchase freights with the Company. However, there is still a risk that COVID-19 will have negative impacts on the Company's revenue and earnings in 2020. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

	<u>2019</u> DKK	<u>2018</u> DKK
2 Financial income		
Interest received from group enterprises	0	10,727
Exchange gains	<u>138,358</u>	<u>173,468</u>
	<u>138,358</u>	<u>184,195</u>
3 Financial expenses		
Other financial expenses	60,751	38,586
Exchange loss	<u>83,674</u>	<u>43,835</u>
	<u>144,425</u>	<u>82,421</u>
4 Tax on profit/loss for the year		
Current tax for the year	<u>66,389</u>	<u>58,022</u>
	<u>66,389</u>	<u>58,022</u>

Notes to the Financial Statements

	2019	2018
	DKK	DKK
5 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations relate to chartering of vessels. Total future lease payments:		
Within 1 year	52,573,104	41,020,500
Between 1 and 5 years	38,640,924	58,719,199
After 5 years	0	673,625
	<u>91,214,028</u>	<u>100,413,324</u>

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

6 Accounting Policies

The Annual Report of Baltic Coaster Chartering ApS for 2019 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 2019 are presented in DKK.

Changes in comparative figures

The comparative figures for 2018 have been restated due to change in mapping of accounts. The changes have no effect on the result or balance sheet.

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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in

Notes to the Financial Statements

6 Accounting Policies (continued)

the income statement on a straight-line basis over the lease term.

Translation policies

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.

Income Statement

Revenue

Revenue from the sale is recognised when the service has been rendered, 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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production 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, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

6 Accounting Policies (continued)

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.

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

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

Balance Sheet

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

6 Accounting Policies (continued)

Equity

Dividend

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

Current tax receivables and liabilities

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

Financial debts

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

Deferred income

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