

Nordic Bulk Carriers A/S

Tuborg Havnevej 4 - 8, 1., 2900 Hellerup

Company reg. no. 32 08 14 87

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 1 May 2020.



Mads Rosenberg Boye Petersen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance USD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Nordic Bulk Carriers A/S for the financial year 1 January to 31 December 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2019 and of the company's results of its activities in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

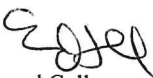
Hellerup, 1 May 2020

Managing Director



Mads Rosenberg Boye Petersen

Board of directors




Edward Coll
Chairman



Gianni Vincenzo De Signore



Mark Lewis Filanowski



Mads Rosenberg Boye Petersen

Independent auditor's report

To the shareholder of Nordic Bulk Carriers A/S

Opinion

We have audited the annual accounts of Nordic Bulk Carriers A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Independent auditor's report

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 1 May 2020

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Michael Beuchert

State Authorised Public Accountant
mne32794

Company data

The company

Nordic Bulk Carriers A/S
Tuborg Havnevej 4 - 8, 1.
2900 Hellerup

Web site www.nordicbulkcarriers.com

Company reg. no. 32 08 14 87

Established: 13 March 2009

Domicile: Gentofte

Financial year: 1 January - 31 December

Board of directors

Edward Coll, Chairman
Gianni Vincenzo Del Signore
Mark Lewis Filanowski
Mads Rosenberg Boye Petersen

Managing Director

Mads Rosenberg Boye Petersen

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

Pangaea Logistics Solutions Ltd., Bermuda

Financial highlights

USD in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss account:					
Revenue	242.531	191.069	176.773	98.873	106.886
Gross profit	8.810	8.993	6.535	1.018	3.611
Results from operating activities	6.141	6.718	4.630	-451	1.881
Net financials	-27	-216	-155	-195	-212
Results for the year	5.656	6.146	4.048	-916	1.368
Balance sheet:					
Balance sheet sum	46.400	31.833	28.047	14.238	13.280
Equity	17.676	10.409	6.127	2.130	2.768
Employees:					
Average number of full time employees	12	12	9	10	12
Key figures in %:					
Gross margin	3,6	4,7	3,7	1,0	3,4
Profit margin	2,5	3,5	2,6	-0,5	1,8
Equity share	38,1	32,7	21,8	15,0	20,8
Return on equity	40,3	74,3	98,1	-37,4	49,4

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

$$\text{Gross margin} = \frac{\text{Gross results} \times 100}{\text{Net turnover}}$$

$$\text{Profit margin (EBIT margin)} = \frac{\text{Results from primary activities (EBIT)} \times 100}{\text{Net turnover}}$$

$$\text{Equity share} = \frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Results for the year} \times 100}{\text{Average equity}}$$

Management's review

The principal activities of the company

The Company is engaged in the Ocean transportation and related activities of dry bulk cargoes worldwide through chartering and operation of dry-bulk vessels.

Unusual matters

No unusual circumstances have affected the company's activities during the year.

Uncertainties as to recognition or measurement

The company has no uncertainties relating to recognition and measurement.

Development in activities and financial matters

The net turnover for the year is USD 242.531.000 against USD 191.069.000 last year. The results from ordinary activities after tax are USD 5.656.000 against USD 6.146.000 last year. The development is in line with management's expectations.

Capital resources

The company finances its operating activities and capital requirements with cash flow from operations and parent company loans when necessary. We refer to the parent companies homepage for further explanations (<https://www.pangaeals.com/about/>).

The expected development

The company continues to implement its strategy by continuing its focus on delivering value adding logistical solutions to its clients. The shipping markets are expected to continue to be volatile but the company works actively to deliver premium performance through the chosen strategy.

Events subsequent to the financial year

The outbreak of corona virus (COVID-19) presents new challenges and risks for the enterprise. A number of measures have been taken to ensure the health of employees. In connection with the health risks, the outbreak of viruses has led to uncertainty and instability both politically and socially and for the enterprise. Current and any future political and economic measures that may be implemented could cause financial risks related to the enterprise's operations and may possibly limit the enterprise's trading opportunities.

However, the enterprise's current and planned activities do not give rise to particular financial risks, and the company's cash resources are assessed to be adequately hedged.

Special risks

Operating risks

The Company's operational risks primarily relate to marine disaster, environmental accidents, cargo and property loss, war, political and regulatory actions. any of these events could increase our costs or lower our revenues.

Management's review

Market risks

Traditionally, the shipping market is characterized by high volatility and Management expects the cyclical and volatile nature of the seaborne drybulk transportation industry may lead to decreases in charter and freight rates, which may have an adverse effect on the Company's revenues, earnings and profitability. Demand remains weak, rates are near their lowest point since 1985 and asset values for modern tonnage continue to be effected by the over-supply of dry bulk carriers.

The Company assesses risk associated with fluctuating future freight rates and, when appropriate, hedges identified economic risk with appropriate derivative instruments, specifically forward freight agreements (FFAs).

Foreign exchange risks

The Company's cash flows are primarily in USD, and therefore the functional currency is USD. On this basis, Management has decided to present the financial statements in USD. The Company is to a minor degree exposed to currency fluctuations in the other currencies.

Credit risks

The Company's conservative approach to risk mitigation moreover comprises careful selection of contract partners. In times of expected low contribution margins, the assessment of the solvency of the counterparty is of decisive importance and, therefore, the Company's policy is not to do business with other parties without having thoroughly examined their creditworthiness and payment history in the market and through credit rating agencies.

Environmental issues

Nordic Bulk Carriers acknowledge that the shipping business in general has an obligation to limit its negative environmental impact. This concerns both emissions and the direct pollution of the seas. The company has as their main objective to reduce this pollution by taking various measures to reduce the overall fuel consumption as well as using more environmentally, and compliant, fuel on board its vessels. The Company's climate policies are further described on the Pangaea Logistics home page (<https://www.pangaeals.com/about>)

Target figures and policies for the under-represented sex

The company believes that diversity among employees, including equal distribution of gender, contribute positively to the working environment and advances company performance and competitiveness.

The company is committed to growing the number of women across the organisation and have initiated several proactive steps in this direction. As the company is wholly owned subsidiary of Pangaea Logistics its board is made up by executive members of the organisation. The group policies on equal opportunity employment can be found on the Pangaea Logistics home page <https://www.pangaeals.com/about>

Statement of corporate social responsibility

Earning respect from Pangaea's investors, customers, employees, suppliers and the communities in which we serve requires a relentless focus on sound corporate governance principles. It requires a commitment from each and every employee – from the Chairman of the Board to the crew on our vessels.

Branches abroad

The company has established a branch in Singapore that handles the logistics of the Asian vessels.

Accounting policies used

The annual report for Nordic Bulk Carriers A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in American dollars (USD).

No consolidated annual accounts have been prepared, cf. section 112(1) of the Danish Financial Statements Act. The annual accounts of Nordic Bulk Carriers A/S and its group enterprises are included in the consolidated annual accounts for Pangaea Logistics Solutions Ltd., Newport, USA, .

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement for the enterprise has been prepared, as the relevant information is included in the consolidated annual accounts of Pangaea Logistics Solutions Ltd.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Accounting policies used

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future assets and liabilities are recognised under debtors or creditors and in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

Income statement

Net turnover

Revenue comprises income from voyages and is recognised exclusive of VAT and duties. Revenue is recognised as the work is completed, calculated on the basis of stage of completion (production criterion) at the balance sheet date. Recognition occurs when the following conditions are met:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity
- the stage of completion of the transaction at the end of the reporting period can be measured reliably: and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

Voyages expenses

Vessels operation expenses comprise the expenses, incurred to generate revenue for the year. The expenses include charter hire for chartered vessels (operating leases), bunker oil consumption, staff costs, other voyage costs such as commissions and harbour charges, repair and maintaince costs, insurance costs and other operation expenses. Like revenue, vessels operation expenses are recognised on the basis of stage of completion.

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

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

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Accounting policies used

Net financials

Financial income and expenses comprise interest, realized and unrealized exchange adjustments, fair value adjustments of derivative financial instruments that are not qualified for hedging and are recognised in the income statement at the amounts relating to the financial year.

Results from equity investments in group enterprises and associated enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The Company's current tax is paid according to the regulations of the Danish Tonnage Tax Act.

The balance sheet

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>2-4 years</i>

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Leases

At the first recognition in the balance sheet, leases concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the internal interest rate of the lease or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, assets held under a finance lease are treated in the same way as other similar tangible assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest part of the lease is recognised in the profit and loss account over the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises and associated enterprises

Equity investments in group enterprises and associated enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

Accounting policies used

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises and associated enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises and associated enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises and associated enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Other securities and equity investments

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities are measured at cost. Writedown takes place to the recoverable amount, if this value is lower than the book value.

Deposits

Deposits are measured at amortised cost and represent rent deposits, etc.

Other receivables

Receivables are measured at amortized cost which usually corresponds to nominal value. In order to meet expected losses, writedown takes place at the net realizable travel time.

Bunker oil stock

Inventories comprise bunker oil kept on board vessels. Inventories are measured at the lower of cost under the FIFO method and net realisable value

Voyages in progress

Voyages in progress is measured at the selling value of the proportionately incurred travel costs, calculated on the basis of stage of completion. Stage of completion is determined on the basis of the completed travel time compared to the expected travel time.

Accounting policies used

Accrued income and prepaid expenses

Accrued income and prepaid expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax 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 previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions for onerous contracts are recognised when a loss on performance of the contract is unavoidable. Management is collectively operating the chartered vessels, for which reason contract performance can usually be achieved by substitution. The unavoidable loss is assessed in consideration of this possibility. The provision is measured at the lower of the net cost of contract performance and damages payable on termination of the contract. Provisions for onerous contracts are recognised in the income statement in the item "Voyage expenses".

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Accounting policies used

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

All amounts in USD.

<u>Note</u>	<u>2019</u>	<u>2018</u>
1 Revenue	242.531.091	191.069.427
Other operating income	120.000	120.000
2 Voyage costs	-231.647.789	-179.797.784
Other external costs	-2.193.067	-2.398.470
Gross results	8.810.235	8.993.173
3 Staff costs	-2.668.454	-2.264.943
Depreciation and writedown relating to tangible fixed assets	-1.220	-10.117
Operating profit	6.140.561	6.718.113
Income from equity investments in group enterprises	55.200	-59.940
Other financial income	79.029	46.007
4 Other financial costs	-160.900	-202.356
Results before tax	6.113.890	6.501.824
5 Tax on ordinary results	-457.692	-355.711
6 Results for the year	5.656.198	6.146.113

Balance sheet 31 December

All amounts in USD.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Fixed assets		
8 Other plants, operating assets, and fixtures and furniture	0	1.220
Tangible fixed assets in total	0	1.220
9 Equity investments in group enterprises	186.264	131.064
10 Deposits	84.530	82.712
Financial fixed assets in total	270.794	213.776
Fixed assets in total	270.794	214.996
Current assets		
Bunker oil stock	7.664.837	9.021.108
Inventories in total	7.664.837	9.021.108
Trade debtors	22.086.335	10.424.904
Amounts owed by group enterprises	110.831	225.219
Receivable corporate tax	0	36.273
Other debtors	8.170	10.216
11 Voyages in progress	5.284.625	3.645.931
Debtors in total	27.489.961	14.342.543
Available funds	10.974.487	8.254.307
Current assets in total	46.129.285	31.617.958
Assets in total	46.400.079	31.832.954

Balance sheet 31 December

All amounts in USD.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
12	Contributed capital	4.089.337	4.089.337
	Reserves for net revaluation as per the equity method	159.039	103.839
	Results brought forward	<u>13.427.625</u>	<u>6.216.124</u>
	Equity in total	<u>17.676.001</u>	<u>10.409.300</u>
Liabilities			
	Prepayments received from customers	5.821.378	5.707.455
	Trade creditors	14.127.580	6.073.794
	Debt to group enterprises	3.546.534	3.845.395
	Corporate tax	234.414	0
	Other debts	4.326.172	5.797.010
13	Accrued expenses and deferred income	<u>668.000</u>	<u>0</u>
	Short-term liabilities in total	<u>28.724.078</u>	<u>21.423.654</u>
	Liabilities in total	<u>28.724.078</u>	<u>21.423.654</u>
	Equity and liabilities in total	<u>46.400.079</u>	<u>31.832.954</u>
7	Fee, auditor		
14	Contingencies		
15	Derivative financial instruments		
16	Related parties		

Statement of changes in equity

All amounts in USD.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity 1 January 2019	4.089.337	103.839	6.216.124	10.409.300
Share of results	0	55.200	5.600.998	5.656.198
Fair value adjustment of hedging instruments, end of year	0	0	1.610.503	1.610.503
	<u>4.089.337</u>	<u>159.039</u>	<u>13.427.625</u>	<u>17.676.001</u>

Notes

All amounts in USD.

	<u>2019</u>	<u>2018</u>
1. Revenue		
Voyages	222.227.474	164.938.204
Charters	<u>20.303.617</u>	<u>26.131.223</u>
	<u>242.531.091</u>	<u>191.069.427</u>
2. Voyage costs		
Vessel operating expenses	109.757.159	85.362.867
Charters expenses	<u>121.890.630</u>	<u>94.434.917</u>
	<u>231.647.789</u>	<u>179.797.784</u>
3. Staff costs		
Salaries and wages	2.616.495	2.230.593
Pension costs	47.920	30.394
Other costs for social security	<u>4.039</u>	<u>3.956</u>
	<u>2.668.454</u>	<u>2.264.943</u>
Average number of employees	<u>12</u>	<u>12</u>
<p>Staff costs include remuneration to the Executive Board and the Board of Directors with USD 1,951 thousand (2018: USD 1,328 thousand). The remuneration of the Board of Directors is remunerated by the parent company Pangaea Logistics Solutions Ltd.</p>		
4. Other financial costs		
Financial costs, group enterprises	24.041	167.795
Other financial costs	<u>136.859</u>	<u>34.561</u>
	<u>160.900</u>	<u>202.356</u>
5. Tax on ordinary results		
Tax of the results for the year, parent company	465.000	384.000
Adjustment of tax for previous years	-7.880	-36.357
Other taxes	<u>572</u>	<u>8.068</u>
	<u>457.692</u>	<u>355.711</u>

Notes

All amounts in USD.

	<u>2019</u>	<u>2018</u>
6. Proposed distribution of the results		
Reserves for net revaluation as per the equity method	55.200	46.595
Allocated to results brought forward	<u>5.600.998</u>	<u>6.099.518</u>
Distribution in total	<u>5.656.198</u>	<u>6.146.113</u>
	<u>2019</u>	<u>2018</u>
7. Fee, auditor		
Total fee for Grant Thornton, State Authorised Public Accountants	<u>71.000</u>	<u>71.000</u>
Fee concerning compulsory audit	40.000	40.000
Assurance engagements	27.000	27.000
Other services	<u>4.000</u>	<u>4.000</u>
	<u>71.000</u>	<u>71.000</u>
8. Other plants, operating assets, and fixtures and furniture		
Cost 1 January	<u>270.997</u>	<u>270.997</u>
Cost 31 December	<u>270.997</u>	<u>270.997</u>
Depreciation and writedown 1 January	-269.777	-259.660
Depreciation for the year	<u>-1.220</u>	<u>-10.117</u>
Depreciation and writedown 31 December	<u>-270.997</u>	<u>-269.777</u>
Book value 31 December	<u>0</u>	<u>1.220</u>

Notes

All amounts in USD.

	<u>31/12 2019</u>	<u>31/12 2018</u>
9. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January	27.225	27.225
Cost 31 December	27.225	27.225
Revaluations, opening balance 1 January	103.839	57.244
Results for the year before goodwill amortisation	55.200	46.595
Revaluation 31 December	159.039	103.839
Book value 31 December	186.264	131.064
Group enterprises:		
	Domicile	Share of ownership
Nordic Bulk Carriers Singapore Pte Ltd.	Singapore	100 %
10. Deposits		
Cost 1 January	82.712	82.712
Additions during the year	1.818	0
Cost 31 December	84.530	82.712
Book value 31 December	84.530	82.712
11. Voyages in progress		
Prepaid expenses	2.822.177	1.502.474
Accrued income	2.462.448	2.143.457
	5.284.625	3.645.931

Notes

All amounts in USD.

	<u>31/12 2019</u>	<u>31/12 2018</u>
12. Contributed capital		
The share capital consists of 4.089.337 shares of a nominal value of USD 1. No shares carry any special rights. There have been no changes in share capital before 2015.		
13. Accrued expenses and deferred income		
Prepayments/deferred income	<u>668.000</u>	<u>0</u>
	<u>668.000</u>	<u>0</u>

14. Contingencies

Contingent liabilities

Contractual obligations relating to agreements for chartering of vessel

Contractual obligations relating to agreements for chartering of vessels on a fixed-price time charter that expire in the coming financial year amount to 25.800.000 (2018: 30.842.500) USD.

15. Derivative financial instruments

Hedging

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge.

At the balance sheet date, the fair value of derivative financial instruments amounts to:

	<u>Hedging transaction, gross</u>	<u>Tax</u>	<u>Hedging transaction, net</u>
Balance 1 January	-1.996.857	360.089	-1.636.768
Changes of the year	<u>1.964.814</u>	<u>-354.311</u>	<u>1.610.503</u>
Balance 31 December	<u>-32.043</u>	<u>5.778</u>	<u>-26.265</u>

Notes

All amounts in USD.

16. Related parties

Controlling interest

Pangaea Logistics Solutions Ltd., Bermuda

N.V.B Nordic Bulk Ventures Ltd., Cyprus

Transactions

The company has the following related party transactions:

	2019	2018
Accounts receivables from related parties	110.831	225.219
Interest expenses for related parties	24.041	167.795
Accounts payable from related parties	-3.546.534	-3.845.395
Management Fee	-45.000	-60.000

Consolidated annual accounts

The company is included in the consolidated annual accounts of Pangaea Logistics Solutions, Ltd - c/o Phoenix Bulk Carriers (US) LLC, 109 Long Wharf, Newport, RI