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# ***Baltic Holding Hundested ApS***

Ved Isefjorden 24, DK-3390 Hundested

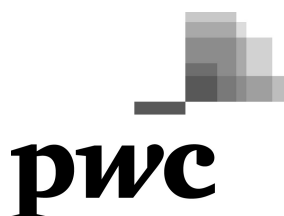
## **Annual Report for 1 January - 31 December 2019**

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CVR No 36 08 58 51

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 has today considered and adopted the Annual Report of Baltic Holding Hundested 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 and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

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

Hundested, 17 June 2020

### **Executive Board**

Thomas Holst Olsen

Mikkel Schmidt

Peter Ronnie Hulstrøm

# Independent Auditor's Report

To the Shareholders of Baltic Holding Hundested ApS

## Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Baltic Holding Hundested 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, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Consolidated Financial Statements and the Parent Company 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.

# Independent Auditor's Report

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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

## Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 17 June 2020

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Wraae Holm  
statsautoriseret revisor  
mne30141

## Company Information

### The Company

Baltic Holding Hundested ApS  
Ved Isefjorden 24  
DK-3390 Hundested

CVR No: 36 08 58 51  
Financial period: 1 January - 31 December  
Municipality of reg. office: Halsnæs

### Executive Board

Thomas Holst Olsen  
Mikkel Schmidt  
Peter Ronnie Hulstrøm

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

# Financial Highlights

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

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>TDKK</b>	<b>TDKK</b>
<b>Key figures</b>		
<b>Profit/loss</b>		
Revenue	186.856	118.150
Gross profit/loss	46.599	40.860
Profit/loss before financial income and expenses	21.608	22.368
Net financials	256	423
Net profit/loss for the year	17.686	19.108
<b>Balance sheet</b>		
Balance sheet total	68.736	53.674
Equity	17.873	19.340
<b>Cash flows</b>		
Cash flows from:		
- operating activities	19.052	17.580
- investing activities	-3.882	-824
including investment in property, plant and equipment	-935	-1.451
- financing activities	-22.215	-14.220
Change in cash and cash equivalents for the year	-7.045	2.536
Number of employees	30	23
<b>Ratios</b>		
Gross margin	24,9%	34,6%
Profit margin	11,6%	18,9%
Return on assets	31,4%	41,7%
Solvency ratio	26,0%	36,0%
Return on equity	95,1%	119,2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The company only become a reporting class C entity in 2019, why the financial highlights include 2019 with comparative figures.



## **Management's Review**

Consolidated and Parent Company Financial Statements of Baltic Holding Hundested ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated and Parent Company Financial Statements have been prepared under the same accounting policies as last year.

### **The principal activities of the company**

Baltic Shipping Company A/S is a wholly owned subsidiary of Baltic Holding Hundested ApS. The company was established in 1950 and have since been transporting bulk and project cargo primarily in the Baltic Sea.

Baltic Shipping Company is specialized in Competitive Chartering, Ships Agency, Commercial Ship Management, handling and transporting Project Cargo and stevedoring.

At the end of 2019 Baltic Shipping Company has a fleet of 33 dry cargo vessels in the range from 1400-5000 dwt in commercial management.

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.

Baltic Coaster Chartering is specialized in Competitive Chartering.

Baltic Coaster Chartering has 12 vessels on time charter.

### **Market overview and expected development**

2019 marked yet another year of strong progress for the company overall. The revenue has increased and so has number of vessels in both commercial management and on time charter and the number of employees compared to previous year.

The activity has increased significantly in all areas of our business.

The positive development is primarily due to an increasingly dominating position in a strong market, which enables us to optimize our fleet and hence provide the best possible results for both vessel and freight owners.

# Management's Review

## Development in activities and financial matters

In 2019 the group had a total turnover of DKK 581 mil compared to DKK 509 mil in 2018, which is an increase of 14%. Only the commission received for commercial management is recognized as revenue, why the reported revenue in the financial statements in the group amounts to DKK 193,5 million compared to DKK 128,9 million in 2018.

The result before tax is DKK 18,1 million compared to DKK 19,1 million in 2018 which is a decrease of 5%.

The Management consider the result satisfactory and in line expectations.

The number of people employed by Baltic Shipping Company has increased from an average of 23 employees in 2018 to an average of 27 employees in 2018.

Our fleet in Commercial Management has grown from an average of 27 vessels in 2018 to an average of 31 vessels during 2019. The market for coaster trading in the Baltic sea has grown steadily stronger during the year and this tendency is expected to continue in the foreseeable future. The activity in Baltic Shipping Company has in line with the development in the market grown significantly both in terms of filling own and foreign tonnage.

Our Agency and Stevedoring activities has also grown in 2019. We have acquired Carl Elgaard Shipping ApS in Aarhus in January 2019, part of Hvide Sande Supply in June 2019 and All Danish Ports Agency (nu Baltic shipping Company Fyn ApS) i Odense/Port of Lindoe in September 2019 and with that strengthened our presence in both Jutland and Funen.

We have invested in a new crane Sennebogen 835M, which was delivered in November 2019.

Our customer base has been additionally strengthened in 2019 and we continue having a strong relationship with our customers based on a competitive service, which is built on long lasting cooperation and partnerships.

## Internal Risk management

We are continuously working on improving our internal risk management and quality standards.

The management have identified the following as primary risk areas:

- 1) Safety during and around our stevedoring operations
- 2) The environmental impact of our core business area
- 3) Employee satisfaction
- 4) Integrity and ethic throughout the entire supply chain

## **Management's Review**

To further strengthen our quality management system we are also ISO9001 certified. The standard is incorporated in and by the whole organization. The general work with and knowledge about all the procedures, supports awareness, focus on quality assurance and correct start-up and continuous review of each project, promoting safety and preventive actions combined with ensuring the expected profitability and customer satisfaction.

To stress the importance of high quality standards in the sea transport for feeds, we were re-certified in GMP+ B4 and B3 for sea transport.

### **We all have a responsibility for sustainability and Social responsibility**

In Baltic Shipping Company we are placing this responsibility high on the agenda and have increased focus on 8 of the 17 global goals for sustainable development.

The action comprises strategies and measures against climate changes as well as awareness-raising on climate changes. In Baltic Shipping Company we do this by measuring and highlighting the CO<sub>2</sub>-emission of each freight carried by a BSC vessel - and by comparing the CO<sub>2</sub>-emission of the same cargo being moved by trucks and highlighting this to our customers in each invoice, we jointly support sustainable freight. The impact on the environment is significant as each vessel load compares to approximately 100 truck loads.

As a company, we have an ethical responsibility for our people, our surroundings and the world in which we live – including safety and environment on our projects. We therefore keep a continuous focus on safety, working environment and environmentally sound behavior and on contributing positively to our surroundings. We ensure continued focus and awareness on this by having integrated policies and action points integrated in our Leadership System ISO9001. We have in 5 consecutive years had 0 incidents on personnel.

Throughout the year, we have worked for a positive and developing working environment, which focuses on the individual employee, and on collaboration between employees and across departments. We have supported initiatives to improve employee health and safety and are striving to continuously improve work-life balance, by ensuring the right people and the right number of people. The management keeps a close eye on the voluntary employee turnover and concludes that it continues to stay at a reasonably low level.

As a shipping company, we have a responsibility to contribute to the development of future shipping employees and leaders. We make an effort to take a significant number of own trainees onboard – and preferably keep them onboard - and support the education of trainees and of our employees in general.

We consider diversity a strength that helps us gain access to the best talents and develops our business and organization in a positive direction.

## **Management's Review**

In Baltic Shipping Company we fully support and live by the UN Code of Conduct, and our human rights policies are consolidated from this and our employee handbook. We support integrity and ethics in all aspects of the company's activities and we have a zero tolerance towards corruption. It is an integrated part of our supplier and customer assessment that this part of the code of conduct are adhered to by all. To ensure the adherence by all parties the management is in constant and close dialogue with all involved parties and can again on this basis conclude that no violation of human rights or attempts on corruption have happened in 2019.

# Income Statement 1 January - 31 December

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>Revenue</b>		<b>186.856.292</b>	<b>118.149.586</b>	<b>0</b>	<b>0</b>
Other operating income		543.236	9.681.241	0	0
Expenses for raw materials and consumables		-132.204.387	-78.806.323	0	0
Other external expenses		-8.596.185	-8.164.500	-57.000	-13.750
<b>Gross profit/loss</b>		<b>46.598.956</b>	<b>40.860.004</b>	<b>-57.000</b>	<b>-13.750</b>
Staff expenses	1	-22.046.213	-17.079.618	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2.944.737	-1.412.476	0	0
<b>Profit/loss before financial income and expenses</b>		<b>21.608.006</b>	<b>22.367.910</b>	<b>-57.000</b>	<b>-13.750</b>
Income from investments in subsidiaries	3	0	0	18.021.448	19.122.167
Financial income	4	1.159.621	628.865	247	0
Financial expenses	5	-903.513	-206.072	-46.749	-4.069
<b>Profit/loss before tax</b>		<b>21.864.114</b>	<b>22.790.703</b>	<b>17.917.946</b>	<b>19.104.348</b>
Tax on profit/loss for the year	6	-4.177.868	-3.682.434	34.876	3.920
<b>Net profit/loss for the year</b>		<b>17.686.246</b>	<b>19.108.269</b>	<b>17.952.822</b>	<b>19.108.268</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Goodwill		1.026.762	0	0	0
<b>Intangible assets</b>	<b>7</b>	<b>1.026.762</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		13.944.024	8.812.202	0	0
Leasehold improvements		175.461	190.878	0	0
Property, plant and equipment in progress		13.300	120.000	0	0
<b>Property, plant and equipment</b>	<b>8</b>	<b>14.132.785</b>	<b>9.123.080</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	9	0	0	19.031.036	20.029.588
Investments in associates	10	1.073.500	0	1.073.500	0
Deposits		217.034	155.784	0	0
<b>Fixed asset investments</b>		<b>1.290.534</b>	<b>155.784</b>	<b>20.104.536</b>	<b>20.029.588</b>
<b>Fixed assets</b>		<b>16.450.081</b>	<b>9.278.864</b>	<b>20.104.536</b>	<b>20.029.588</b>
<b>Inventories</b>	<b>11</b>	<b>8.107.660</b>	<b>746.293</b>	<b>0</b>	<b>0</b>
Trade receivables		29.460.923	24.918.128	0	0
Other receivables		2.188.478	599.658	23	50
Deferred tax asset	13	0	25.060	0	0
Corporation tax		58.147	3.920	34.876	3.920
Prepayments		2.164.068	750.450	0	0
<b>Receivables</b>		<b>33.871.616</b>	<b>26.297.216</b>	<b>34.899</b>	<b>3.970</b>
<b>Cash at bank and in hand</b>		<b>10.306.889</b>	<b>17.351.460</b>	<b>5.634</b>	<b>16.634</b>
<b>Currents assets</b>		<b>52.286.165</b>	<b>44.394.969</b>	<b>40.533</b>	<b>20.604</b>
<b>Assets</b>		<b>68.736.246</b>	<b>53.673.833</b>	<b>20.145.069</b>	<b>20.050.192</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent	
		2019 DKK	2018 DKK	2019 DKK	2018 DKK
Share capital		100.000	100.000	100.000	100.000
Retained earnings		4.092.941	40.119	3.992.941	40.119
Proposed dividend for the year		13.900.000	19.200.000	14.000.000	19.200.000
<b>Equity attributable to shareholders of the Parent Company</b>		<b>18.092.941</b>	<b>19.340.119</b>	<b>18.092.941</b>	<b>19.340.119</b>
Minority interests		-219.841	0	0	0
<b>Equity</b>		<b>17.873.100</b>	<b>19.340.119</b>	<b>18.092.941</b>	<b>19.340.119</b>
Provision for deferred tax	13	301.924	0	0	0
<b>Provisions</b>		<b>301.924</b>	<b>0</b>	<b>0</b>	<b>0</b>
Lease obligations		8.570.743	5.394.728	0	0
Other payables		473.240	0	0	0
<b>Long-term debt</b>	14	<b>9.043.983</b>	<b>5.394.728</b>	<b>0</b>	<b>0</b>
Lease obligations	14	1.608.291	1.168.719	0	0
Prepayments received from customers		267.910	0	0	0
Trade payables		31.050.181	16.390.298	0	6.250
Payables to group enterprises		0	0	2.052.128	703.823
Corporation tax		0	971.476	0	0
Deposits		0	778.212	0	0
Other payables	14	8.318.246	9.345.903	0	0
Deferred income		272.611	284.378	0	0
<b>Short-term debt</b>		<b>41.517.239</b>	<b>28.938.986</b>	<b>2.052.128</b>	<b>710.073</b>
<b>Debt</b>		<b>50.561.222</b>	<b>34.333.714</b>	<b>2.052.128</b>	<b>710.073</b>
<b>Liabilities and equity</b>		<b>68.736.246</b>	<b>53.673.833</b>	<b>20.145.069</b>	<b>20.050.192</b>
Distribution of profit	12				
Contingent assets, liabilities and other financial obligations	17				
Accounting Policies	18				

# Statement of Changes in Equity

## Koncern

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
<b>2019</b>							
Equity at 1 January	100.000	0	40.119	19.200.000	19.340.119	0	19.340.119
Additions during the year	0	0	0	0	0	46.735	46.735
Ordinary dividend paid	0	0	0	-19.200.000	-19.200.000	0	-19.200.000
Net profit/loss for the year	0	0	4.052.822	13.900.000	17.952.822	-266.576	17.686.246
<b>Equity at 31 December</b>	<b>100.000</b>	<b>0</b>	<b>4.092.941</b>	<b>13.900.000</b>	<b>18.092.941</b>	<b>-219.841</b>	<b>17.873.100</b>

## Koncern

<b>2018</b>							
Equity 1. januar	100.000	0	131.850	12.500.000	12.731.850	0	12.731.850
Ordinary dividend paid	0	0	0	-12.500.000	-12.500.000	0	-12.500.000
Net profit/loss for the year	0	0	-91.731	19.200.000	19.108.269	0	19.108.269
<b>Equity at 31 December</b>	<b>100.000</b>	<b>0</b>	<b>40.119</b>	<b>19.200.000</b>	<b>19.340.119</b>	<b>0</b>	<b>19.340.119</b>



# Statement of Changes in Equity

## Moderselskab

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
<b>2019</b>							
Equity at 1 January	100.000	0	40.119	19.200.000	19.340.119	0	19.340.119
Ordinary dividend paid	0	0	0	-19.200.000	-19.200.000	0	-19.200.000
Dividend from group enterprises	0	-19.200.000	19.200.000	0	0	0	0
Net profit/loss for the year	0	19.200.000	-15.247.178	14.000.000	17.952.822	0	17.952.822
<b>Equity at 31 December</b>	<b>100.000</b>	<b>0</b>	<b>3.992.941</b>	<b>14.000.000</b>	<b>18.092.941</b>	<b>0</b>	<b>18.092.941</b>

## Moderselskab

### 2018

Equity 1. januar	100.000	0	131.851	12.500.000	12.731.851	0	12.731.851
Ordinary dividend paid	0	0	0	-12.500.000	-12.500.000	0	-12.500.000
Dividend from group enterprises	0	-19.200.000	19.200.000	0	0	0	0
Net profit/loss for the year	0	19.200.000	-19.291.732	19.200.000	19.108.268	0	19.108.268
<b>Equity at 31 December</b>	<b>100.000</b>	<b>0</b>	<b>40.119</b>	<b>19.200.000</b>	<b>19.340.119</b>	<b>0</b>	<b>19.340.119</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2019 DKK	2018 DKK
Net profit/loss for the year		17.686.246	19.108.269
Adjustments	15	8.318.792	4.649.166
Change in working capital	16	-1.312.262	-3.804.816
<b>Cash flows from operating activities before financial income and expenses</b>		<b>24.692.776</b>	<b>19.952.619</b>
Financial income		434.853	875.916
Financial expenses		-903.463	-206.073
<b>Cash flows from ordinary activities</b>		<b>24.224.166</b>	<b>20.622.462</b>
Corporation tax paid		-5.171.694	-3.042.034
<b>Cash flows from operating activities</b>		<b>19.052.472</b>	<b>17.580.428</b>
Purchase of property, plant and equipment		-934.737	-1.450.578
Fixed asset investments made etc		-3.323.550	0
Sale of property, plant and equipment		356.510	626.208
Sale of fixed asset investments etc		20.000	0
<b>Cash flows from investing activities</b>		<b>-3.881.777</b>	<b>-824.370</b>
Increase of lease obligations		-3.015.266	-1.719.667
Dividend paid		-19.200.000	-12.500.000
<b>Cash flows from financing activities</b>		<b>-22.215.266</b>	<b>-14.219.667</b>
<b>Change in cash and cash equivalents</b>		<b>-7.044.571</b>	<b>2.536.391</b>
Cash and cash equivalents at 1 January		17.351.460	14.815.069
<b>Cash and cash equivalents at 31 December</b>		<b>10.306.889</b>	<b>17.351.460</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10.306.889	17.351.460
<b>Cash and cash equivalents at 31 December</b>		<b>10.306.889</b>	<b>17.351.460</b>

# Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>1 Staff expenses</b>				
Wages and salaries	20.694.261	15.948.972	0	0
Pensions	1.271.668	948.213	0	0
Other social security expenses	80.284	182.433	0	0
	<b>22.046.213</b>	<b>17.079.618</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>30</b>	<b>23</b>	<b>0</b>	<b>0</b>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	913.381	0	0	0
Depreciation of property, plant and equipment	2.031.356	1.412.476	0	0
	<b>2.944.737</b>	<b>1.412.476</b>	<b>0</b>	<b>0</b>
<b>3 Income from investments in subsidiaries</b>				
Share of profits of subsidiaries			18.076.448	19.122.167
Amortisation of goodwill			-55.000	0
			<b>18.021.448</b>	<b>19.122.167</b>
<b>4 Financial income</b>				
Other financial income	434.853	382.436	247	0
Exchange adjustments	39.023	116.876	0	0
Exchange gains	685.745	129.553	0	0
	<b>1.159.621</b>	<b>628.865</b>	<b>247</b>	<b>0</b>

# Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>5 Financial expenses</b>				
Interest paid to group enterprises	0	0	43.094	0
Other financial expenses	410.033	206.072	3.655	4.069
Exchange loss	493.480	0	0	0
	<b>903.513</b>	<b>206.072</b>	<b>46.749</b>	<b>4.069</b>

## 6 Tax on profit/loss for the year

Current tax for the year	3.916.990	3.642.676	-34.876	-3.920
Deferred tax for the year	261.832	38.787	0	0
Adjustment of tax concerning previous years	-954	971	0	0
	<b>4.177.868</b>	<b>3.682.434</b>	<b>-34.876</b>	<b>-3.920</b>

## 7 Intangible assets

### Koncern

	Goodwill DKK
Cost at 1 January	0
Additions for the year	1.940.143
Cost at 31 December	1.940.143
Impairment losses and amortisation at 1 January	0
Amortisation for the year	913.381
Impairment losses and amortisation at 31 December	913.381
<b>Carrying amount at 31 December</b>	<b>1.026.762</b>

# Notes to the Financial Statements

## 8 Property, plant and equipment

### Koncern

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost at 1 January	12.820.874	224.562	120.000
Additions for the year	7.320.942	29.995	13.300
Disposals for the year	-577.500	0	-120.000
Cost at 31 December	19.564.316	254.557	13.300
Impairment losses and depreciation at 1 January	4.008.673	33.684	0
Depreciation for the year	1.985.945	45.412	0
Reversal of impairment and depreciation of sold assets	-374.326	0	0
Impairment losses and depreciation at 31 December	5.620.292	79.096	0
<b>Carrying amount at 31 December</b>	<b>13.944.024</b>	<b>175.461</b>	<b>13.300</b>
Including assets under finance leases amounting to	12.245.459	0	0

### Parent

## 9 Investments in subsidiaries

	2019 DKK	2018 DKK
Cost at 1 January	4.950.000	4.900.000
Additions for the year	200.000	50.000
Disposals for the year	-20.000	0
Cost at 31 December	5.130.000	4.950.000
Value adjustments at 1 January	15.079.588	7.357.421
Net profit/loss for the year	18.076.448	19.122.167
Dividend to the Parent Company	-19.200.000	-11.400.000
Amortisation of goodwill	-55.000	0
Value adjustments at 31 December	13.901.036	15.079.588
<b>Carrying amount at 31 December</b>	<b>19.031.036</b>	<b>20.029.588</b>
Remaining positive difference included in the above carrying amount at 31 December	1.026.762	0

# Notes to the Financial Statements

## 9 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Baltic Shipping Company A/S	Hundested	700.000	100%	19.260.599	18.481.013
Baltic Coaster Chartering ApS	Hundested	125.000	100%	3.624.569	3.446.993
Baltic Shipping Company Fyn ApS	Hundested	50.000	70%	31.200	-18.800
Baltic Holding Jylland ApS	Hundested	50.000	60%	-602.341	-652.341
Carl Elgaard Shipping ApS	Hundested	80.000	60%	469.050	-144.607

## 10 Investments in associates

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
Cost at 1 January	0	0	0	0
Additions for the year	1.073.500	0	1.073.500	0
<b>Carrying amount at 31 December</b>	<b>1.073.500</b>	<b>0</b>	<b>1.073.500</b>	<b>0</b>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Hvide Sande Supply ApS	Hvide Sande	150.000	49%	793.488	722.651

# Notes to the Financial Statements

	Group		Parent	
	2019 DKK	2018 DKK	2019 DKK	2018 DKK
<b>11 Inventories</b>				
Raw materials and consumables	8.107.660	746.293	0	0
	<b>8.107.660</b>	<b>746.293</b>	<b>0</b>	<b>0</b>
<b>12 Distribution of profit</b>				
Proposed dividend for the year	13.900.000	19.200.000	14.000.000	19.200.000
Reserve for net revaluation under the equity method	0	0	19.200.000	19.200.000
Minority interests' share of net profit/loss of subsidiaries	-266.576	0	0	0
Retained earnings	4.052.822	-91.731	-15.247.178	-19.291.732
	<b>17.686.246</b>	<b>19.108.269</b>	<b>17.952.822</b>	<b>19.108.268</b>
<b>13 Provision for deferred tax</b>				
Intangible assets	-12.100	0	-12.100	0
Property, plant and equipment	314.024	-25.060	0	0
Tax loss carry-forward	0	0	12.100	0
Transferred to deferred tax asset	0	25.060	0	0
	<b>301.924</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>				
Calculated tax asset	0	25.060	0	0
<b>Carrying amount</b>	<b>0</b>	<b>25.060</b>	<b>0</b>	<b>0</b>

# Notes to the Financial Statements

## 14 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:

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
<b>Lease obligations</b>				
Between 1 and 5 years	8.570.743	5.394.728	0	0
Long-term part	8.570.743	5.394.728	0	0
Within 1 year	1.608.291	1.168.719	0	0
	<b>10.179.034</b>	<b>6.563.447</b>	<b>0</b>	<b>0</b>
<b>Other payables</b>				
Between 1 and 5 years	473.240	0	0	0
Long-term part	473.240	0	0	0
Other short-term payables	8.318.246	9.345.903	0	0
	<b>8.791.486</b>	<b>9.345.903</b>	<b>0</b>	<b>0</b>

## 15 Cash flow statement - adjustments

	Group	
	2019	2018
	DKK	DKK
Financial income	-1.159.621	-628.865
Financial expenses	903.513	206.072
Depreciation, amortisation and impairment losses, including losses and gains on sales	2.944.737	1.412.476
Tax on profit/loss for the year	4.177.868	3.682.434
Other adjustments	1.452.295	-22.951
	<b>8.318.792</b>	<b>4.649.166</b>



# Notes to the Financial Statements

	Group	
	2019	2018
	DKK	DKK
<b>16 Cash flow statement - change in working capital</b>		
Change in inventories	-7.361.367	1.478.868
Change in receivables	-7.545.283	-6.590.522
Change in trade payables, etc	13.594.388	1.306.838
	<b>-1.312.262</b>	<b>-3.804.816</b>

	Group		Parent	
	2019	2018	2019	2018
	DKK	DKK	DKK	DKK
<b>17 Contingent assets, liabilities and other financial obligations</b>				
<b>Lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	106.389.467	46.180.331	0	0
Between 1 and 5 years	78.411.314	60.730.730	0	0
After 5 years	0	757.460	0	0
	<b>184.800.781</b>	<b>107.668.521</b>	<b>0</b>	<b>0</b>

## Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Baltic Holding Hundested ApS, which is the management company of the joint taxation purposes. 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Baltic Holding Hundested ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in DKK.

### 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.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Baltic Holding Hundested ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Leases

Leases in terms of which the Group 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 Group.

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 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.

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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold 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 Group.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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.

#### 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 intangible assets and 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 Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Income from investments in subsidiaries and associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

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.

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

## Balance Sheet

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

### 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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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:

Production buildings	3-10 years	
Other buildings	3-10 years	
Plant and machinery	3-10 years	
Other fixtures and fittings, tools and equipment	3-10 years	
Leasehold improvements	5 years	

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries and associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

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.

### **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 goods for resale, 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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### **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.

### **Equity**

#### ***Dividend***

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

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### 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 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.



# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$