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Fortuna Seaside Invest A/S

Strandvejen 56, 2900 Hellerup

Company reg. no. 37 99 19 02

Annual report

1 January - 30 June 2020

The annual report was submitted and approved by the general meeting on the 4 November 2020

Lars Trygved
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the board of directors and the executive board have presented the annual report of Fortuna Seaside Invest A/S for the financial year 1 January - 30 June 2020 of Fortuna Seaside Invest A/S.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the company's results of activities in the financial year 1 January – 30 June 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 4 November 2020

Executive board

Lars Trygved

Michael Steen Jakobsen

Board of directors

Lars Trygved

Michael Steen Jakobsen

Ulrik Lund Rasmussen

Peter Bruno Rasmussen

Henrik Ambjørn Petersen

Independent auditor's report

To the shareholders of Fortuna Seaside Invest A/S

Opinion

We have audited the financial statements of Fortuna Seaside Invest A/S for the financial year 1 January - 30 June 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2020 and of the results of the company's activities for the financial year 1 January - 30 June 2020 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 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 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.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 4 November 2020

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

Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

Company information

The company	Fortuna Seaside Invest A/S Strandvejen 56 2900 Hellerup	
	Company reg. no.	37 99 19 02
	Established:	8 September 2016
	Domicile:	Copenhagen
	Financial year:	1 January - 30 June
Board of directors	Lars Trygved Michael Steen Jakobsen Ulrik Lund Rasmussen Peter Bruno Rasmussen Henrik Ambjørn Petersen	
Executive board	Lars Trygved Michael Steen Jakobsen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiary	Fortuna Seaside Bulk Carriers A/S, Hellerup	

Management commentary

The principal activities of the company

Like previous years, the principal activities are investments in shipping companies.

Development in activities and financial matters

Income or loss from ordinary activities after tax totals USD -311.704 against USD -1.777.062 last year. Management considers the net result for the year unsatisfactory.

Expected developments

The company expects a profit for the year 2020/2021.

Events occurring after the end of the financial year

The dry cargo freight market has improved in the third quarter of 2020, primarily due to increased demand for raw materials from the Peoples Republic of China.

Income statement

All amounts in USD.

Note		1/1 - 30/6 2020	1/1 - 31/12 2019
	Gross profit	**0**	**0**
	Administration costs	-3.012	-16.819
	Operating profit	**-3.012**	**-16.819**
	Income from equity investments in group enterprises	-298.699	-2.388.460
	Other financial income	0	935.488
1	Other financial costs	-9.993	-132.851
	Financing, net	-308.692	-1.585.823
	Pre-tax net profit or loss	**-311.704**	**-1.602.642**
	Tax on ordinary results	0	-174.420
	Net profit or loss for the year	**-311.704**	**-1.777.062**

Proposed appropriation of net profit:

	1/1 - 30/6 2020	1/1 - 31/12 2019
Allocated from retained earnings	-311.704	-1.777.062
Total allocations and transfers	**-311.704**	**-1.777.062**

Statement of financial position

All amounts in USD.

Note	Assets	30/6 2020	31/12 2019
	Non-current assets		
2	Equity investments in group enterprises	2.142.036	2.440.735
	Total investments	2.142.036	2.440.735
	Total non-current assets	**2.142.036**	**2.440.735**
	Current assets		
	Receivables from group enterprises	1.279.116	1.616.566
	Total receivables	1.279.116	1.616.566
	Available funds	85.706	92.941
	Total current assets	**1.364.822**	**1.709.507**
	Total assets	**3.506.858**	**4.150.242**

Statement of financial position

All amounts in USD.

Note	Equity and liabilities	30/6 2020	31/12 2019
	Equity		
4	Contributed capital	75.476	75.476
5	Retained earnings	-2.581.668	-2.269.964
	Total equity	**-2.506.192**	**-2.194.488**
	Liabilities other than provisions		
6	Subordinated loan capital	3.000.000	3.000.000
	Total long term liabilities other than provisions	3.000.000	3.000.000
	Trade creditors	3.305	8.398
	Debt to associated enterprises	0	-1
7	Payables to shareholders and management	3.009.745	3.132.328
	Tax payables to group enterprises	0	137.192
	Other debts	0	66.813
	Total short term liabilities other than provisions	3.013.050	3.344.730
	Total liabilities other than provisions	**6.013.050**	**6.344.730**
	Total equity and liabilities	**3.506.858**	**4.150.242**

8 Contingencies

Statement of changes in equity

All amounts in USD.

	Contributed capital	Reserve for net revaluation according to the equity method	Total
Equity 1 January 2019	75.476	-491.974	-416.498
Profit or loss for the year brought forward	0	-1.777.062	-1.777.062
Adjustment 4	0	-928	-928
Equity 1 January 2020	75.476	-2.269.964	-2.194.488
Profit or loss for the year brought forward	0	-311.704	-311.704
	75.476	**-2.581.668**	**-2.506.192**

Notes

All amounts in USD.

	1/1 - 30/6 2020	1/1 - 31/12 2019
1. Other financial costs		
Financial costs, group enterprises	9.745	132.328
Other financial costs	248	523
	9.993	**132.851**

	30/6 2020	31/12 2019
2. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January 2020	5.075.476	5.075.476
Cost 30 June 2020	**5.075.476**	**5.075.476**
Revaluations, opening balance 1 January 2020	-2.634.741	-245.353
Currency exchange rate	0	-928
Results of the year	-298.699	-2.388.460
Revaluation 30 June 2020	**-2.933.440**	**-2.634.741**
Carrying amount, 30 June 2020	**2.142.036**	**2.440.735**

Group enterprises:

	Domicile	**Equity interest**
Fortuna Seaside Bulk Carriers A/S	Hellerup	100 %

	30/6 2020	31/12 2019
3. Deferred tax assets		
Deferred tax assets 1 January 2020	0	37.228
Deferred tax of the results for the year	0	-37.228
	0	**0**

Notes

All amounts in USD.

	30/6 2020	31/12 2019
4. Contributed capital		
Contributed capital 1 January 2020	75.476	75.476
	75.476	**75.476**

The share capital consists of 500 shares, each with a nominal value of DKK 1.000.

	30/6 2020	31/12 2019
5. Retained earnings		
Retained earnings 1 January 2020	-2.269.964	-491.974
Profit or loss for the year brought forward	-311.704	-1.777.062
Currency exchange	0	-928
	-2.581.668	**-2.269.964**

	30/6 2020	31/12 2019
6. Subordinated loan capital		
Total subordinated loan capital	**3.000.000**	**3.000.000**
Share of payables due after 5 years	0	0

There has not yet been set a due date for repayment of the subordinated loans.

	30/6 2020	31/12 2019
7. Payables to shareholders and management		
Debt to shareholders	3.009.745	3.132.328
	3.009.745	**3.132.328**

Notes

All amounts in USD.

8. Contingencies

Contingent liabilities

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

TheThe company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Fortuna Seaside Invest A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD). The accounting period was changed in the financial year before last and comprises the period 1 January - 30 June 2020. The comparative figures in the income statement comprise the period 1 January 2019 - 31 December 2019.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

Income statement

Administration costs

Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable by the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

Accounting policies

For the acquisition of new group enterprises, the purchase 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 pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Other financial instruments and equity investments

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. To counter expected losses, writedown is performed to net realisable value. The enterprise will be applying IAS 39 as the basis of interpretation for the recognition of impairment of financial assets, meaning that a loss must be recognised if there are objective indications of accounts receivable being unable to comply with payment obligations.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Liabilities other than provisions

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