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Penneo dokumentnøgle: DVZEA-BZCIF-YBOWT-O8HON-MK0EB-0N8EH

Fortuna Seaside Bulk Carriers A/S

Strandvejen 56, 2900 Hellerup

Company reg. no. 37 99 21 78

Annual report

1 July 2021 - 30 June 2022

The annual report was submitted and approved by the general meeting on the 25 November 2022.

Lars Trygved
Chairman of the meeting

Contents

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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 statement

Today, the Board of Directors and the Executive Board have approved the annual report of Fortuna Seaside Bulk Carriers A/S for the financial year 1 July 2021 - 30 June 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022 and of the results of the Company's operations and cash flows for the financial year 1 July 2021 – 30 June 2022.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Hellerup, 24 November 2022

Executive board

Lars Trygved

Ulrik Lund Rasmussen

Board of directors

Lars Trygved

Michael Steen Jakobsen

Ulrik Lund Rasmussen

Peter Bruno Rasmussen

Henrik Ambjørn Petersen

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Independent auditor's report

To the Shareholders of Fortuna Seaside Bulk Carriers A/S

Opinion

We have audited the financial statements of Fortuna Seaside Bulk Carriers A/S for the financial year 1 July 2021 - 30 June 2022, which comprise income statement, balance sheet, statement of changes in equity, statement of cash flows, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2022, and of the results of the Company's operations and cash flows for the financial year 1 July 2021 - 30 June 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

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

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.

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Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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.

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Independent auditor's report

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 Financial Statements Act.

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

Copenhagen, 24 November 2022

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

Ulrik Bloch-Sørensen
State Authorised Public Accountant
mne2913

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Company information

The company	Fortuna Seaside Bulk Carriers A/S Strandvejen 56 2900 Hellerup	
	Phone	39161200
	Web site	www.fortuna-seaside.com
	Company reg. no.	37 99 21 78
	Established:	8 September 2016
	Domicile:	Hellerup
	Financial year:	1 July - 30 June
Board of directors	Lars Trygved Michael Steen Jakobsen Ulrik Lund Rasmussen Peter Bruno Rasmussen Henrik Ambjørn Petersen	
Executive board	Lars Trygved Ulrik Lund Rasmussen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Fortuna Seaside Invest A/S	

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Financial highlights

USD in thousands.	2021/22	2020/21	2020	2019	2018
Income statement:					
Gross profit	7.976	5.501	429	822	-211
Profit from operating activities	6.694	4.572	-216	-2.060	-2.331
Net financials	-57	38	-28	-43	-7
Net profit or loss for the year	5.177	4.486	-299	-2.388	-1.822
Statement of financial position:					
Balance sheet total	13.328	9.404	5.115	6.222	7.748
Investments in property, plant and equipment	0	0	26	8	70
Equity	10.177	6.628	2.142	2.441	4.830
Cash flows:					
Operating activities	6.511	5.284	-1.681	-1.257	-4.528
Investing activities	-2.857	-1.549	-18	-14	8
Financing activities	-1.628	-67	-196	1.714	4.925
Total cash flows	2.027	3.669	-1.895	443	405
Employees:					
Average number of full-time employees	5	4	9	11	9
Key figures in %:					
Acid test ratio	411,3	325,9	159,5	155,8	255,2
Solvency ratio	76,4	70,5	41,9	39,2	62,3
Return on equity	61,6	102,3	-13,0	-65,7	-56,1

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The financial highlights for 2020 solely comprise six months period.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Acid test ratio $$\frac{\text{Current assets x 100}}{\text{Short term liabilities other than provisions}}$$

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

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Financial highlights

Return on equity	$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

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Management´s review

The principal activities of the company

Like previous years, the principal activities are shipping operations carried out by operation of chartered vessels worldwide.

Development in activities and financial matters

The gross profit for the year totals USD 7.975.783 against USD 5.501.434 last year. Income from ordinary activities after tax totals USD 5.176.704 against USD 4.485.631 last year. Management considers the net profit for the year satisfactory.

Market risks

The Company´s revenues are exclusively generated from the seaborne transportation of dry bulk commodities and freight rates obtained by the vessels time chartered by the Company are a risk factor.
By timechartering vessels only on short term charters and by securing cargo bookings and cargo contracts for the vessels the company has on charter, the company reduces its exposure to fluctuations in the dry cargo freight market.

Foreign currency risks

The majority of the Company´s transactions are denominated in USD.
The Company´s exchange rate risk is thus limited and primarily related to administrative expenses related to the Company´s head office in Denmark.

Credit risks

The Company is dependent on its counterparties fulfilling their payment obligations. To check the financial strength of a counterparty, the Company makes frequent use of providers of independent due diligence, credit reporting and risk management consultancy services to the shipping industry.

Liquidity risks

The Company takes all necessary steps to ensure that the Company at all times will have sufficient liquidity to fulfill its commitments.

Expected developments

For 2022/2023, we will continue to capitalize on market volatility whilst operating with balanced trading commitments. The result will be depending on market levels, which we currently assess. Based on current assessment of the market, we should be able to achieve a positive result before tax of between 1 and 3 mio. USD.

Events occurring after the end of the financial year

No events have taken place after June 30th, 2022, that would effect the financial status of the company.

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Income statement 1 July - 30 June

All amounts in USD.

Note		2021/22	2020/21
	Gross profit	**7.975.783**	**5.501.434**
	Distribution costs	-45.179	-1.054
	Administration expenses	-1.236.705	-928.685
	Operating profit	**6.693.899**	**4.571.695**
	Income from investments in subsidiaries	10.733	6.544
	Other financial income	13.814	33.194
	Other financial expenses	-81.316	-1.944
	Financing, net	-56.769	37.794
	Pre-tax net profit or loss	**6.637.130**	**4.609.489**
	Tax on net profit or loss for the year	-1.460.426	-123.858
2	**Net profit or loss for the year**	**5.176.704**	**4.485.631**

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Balance sheet at 30 June

All amounts in USD.

Note	Assets	2022	2021
	Non-current assets		
4	Investments in subsidiaries	333.776	323.043
5	Other receivables	33.946	32.416
	Total investments	367.722	355.459
	Total non-current assets	**367.722**	**355.459**
	Current assets		
	Raw materials and consumables	1.670.486	1.478.154
	Total inventories	1.670.486	1.478.154
	Trade receivables	161.838	585.402
6	Voyages in progress	525.657	1.007.652
	Receivables from parent company	3.144.150	289.015
7	Deferred tax assets	43.360	252.294
	Other receivables	34.985	3.807
8	Prepayments	1.727	4.603
	Total receivables	3.911.717	2.142.773
	Cash and cash equivalents	7.378.067	5.427.409
	Total current assets	**12.960.270**	**9.048.336**
	Total assets	**13.327.992**	**9.403.795**

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Balance sheet at 30 June

All amounts in USD.

Equity and liabilities

Note		2022	2021
	Equity		
	Contributed capital	75.476	75.476
9	Reserve for net revaluation according to the equity method	148.646	137.913
10	Retained earnings	4.775.878	4.786.611
	Proposed dividend for the financial year	5.176.704	1.627.667
	Total equity	**10.176.704**	**6.627.667**
	Liabilities other than provisions		
6	Prepayments received from customers concerning work in progress for the account of others	197.295	202.100
	Trade payables	1.638.491	1.912.961
	Corporate tax	1.251.492	376.152
	Other payables	64.010	284.915
	Total short term liabilities other than provisions	3.151.288	2.776.128
	Total liabilities other than provisions	**3.151.288**	**2.776.128**
	Total equity and liabilities	**13.327.992**	**9.403.795**

11 Contingencies

12 Related parties

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Statement of cash flows 1 July - 30 June

All amounts in USD.

Note		2021/22	2020/21
	Net profit or loss for the year	5.176.704	4.485.631
13	Adjustments	1.517.195	86.064
14	Change in working capital	184.746	714.427
	Cash flows from operating activities before net financials	6.878.645	5.286.122
	Interest received, etc.	13.813	165
	Interest paid, etc.	-5.008	-1.944
	Cash flows from ordinary activities	6.887.450	5.284.343
	Income tax paid	-376.152	0
	Cash flows from operating activities	**6.511.298**	**5.284.343**
	Sale of property, plant, and equipment	0	26.225
	Purchase of fixed asset investments	-1.530	-1.902
	Loan to parent company	-2.855.135	-1.572.856
	Cash flows from investment activities	**-2.856.665**	**-1.548.533**
	Repayments of long-term payables	0	-66.712
	Dividend paid	-1.627.667	0
	Cash flow from financing activities	**-1.627.667**	**-66.712**
	Change in cash and cash equivalents	**2.026.966**	**3.669.098**
	Cash and cash equivalents at 1 July 2021	5.427.409	1.725.281
	Foreign currency translation adjustments (cash and cash equivalents)	-76.308	33.030
	Cash and cash equivalents at 30 June 2022	**7.378.067**	**5.427.409**

		2021/22	2020/21
	Cash and cash equivalents		
	Cash and cash equivalents	7.378.067	5.427.409
	Cash and cash equivalents at 30 June 2022	**7.378.067**	**5.427.409**

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Notes

All amounts in USD.

		2021/22	2020/21
1.	**Employee issues**		
	Payrolls	1.160.919	1.179.333
	Pensions	166.576	142.163
	Other expenses to social security	6.800	6.628
	Payrolls, re-invoiced	-287.124	-555.468
	Other staff expenses	29.309	16.352
		1.076.480	**789.008**
	Executive board and board of directors	489.176	355.455
	Average number of employees	5	4

		2021/22	2020/21
2.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	10.733	6.574
	Dividend for the financial year	5.176.704	1.627.667
	Transferred to retained earnings	0	2.851.390
	Allocated from retained earnings	-10.733	0
	Total allocations and transfers	**5.176.704**	**4.485.631**

		2021/22	2020/21
3.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 July 2021	0	28.896
	Disposals during the year	0	-28.896
	Cost 30 June 2022	**0**	**0**
	Depreciation and writedown 1 July 2021	0	-2.671
	Depreciation and writedown, assets disposed of	0	2.671
	Depreciation and writedown 30 June 2022	**0**	**0**
	Carrying amount, 30 June 2022	**0**	**0**

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Notes

All amounts in USD.

		30/6 2022	30/6 2021
4.	**Investments in subsidiaries**		
	Acquisition sum, opening balance 1 July 2021	185.130	185.130
	Cost 30 June 2022	**185.130**	**185.130**
	Revaluations, opening balance 1 July 2021	137.913	131.339
	Results for the year	10.733	6.574
	Revaluation 30 June 2022	**148.646**	**137.913**
	Carrying amount, 30 June 2022	**333.776**	**323.043**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity USD	Results for the year USD	Carrying amount, Fortuna Seaside Bulk Carriers A/S USD
Fortuna Seaside Inc., New York	100 %	333.776	10.733	333.776
		333.776	**10.733**	**333.776**

		30/6 2022	30/6 2021
5.	**Other receivables**		
	Cost 1 July 2021	32.416	30.514
	Additions during the year	1.530	1.902
	Cost 30 June 2022	**33.946**	**32.416**
	Carrying amount, 30 June 2022	**33.946**	**32.416**
	Der specificeres således:		
	Deposits	33.946	32.416
		33.946	**32.416**

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Notes

All amounts in USD.

		30/6 2022	30/6 2021
6.	**Voyages in progress**		
	Sales value of the production of the period	1.291.174	3.098.406
	Progress billings	-962.812	-2.292.854
	Voyages in progress, net	**328.362**	**805.552**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	525.657	1.007.652
	Work in progress for the account of others (Prepayments received)	-197.295	-202.100
		328.362	**805.552**
7.	**Deferred tax assets**		
	Deferred tax of the results for the year	43.360	252.294
		43.360	**252.294**
	The following items are subject to deferred tax:		
	Property, plant, and equipment	2.985	3.981
	Current assets	40.375	29.131
	Losses carried forward from previous years	0	219.182
		43.360	**252.294**
8.	**Prepayments**		
	Miscelleneous prepayments	1.727	4.603
		1.727	**4.603**
9.	**Reserve for net revaluation according to the equity method**		
	Reserves for net revaluation 1 July 2021	137.913	131.339
	Share of results	10.733	6.574
		148.646	**137.913**

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Notes

All amounts in USD.

		30/6 2022	30/6 2021
10.	**Retained earnings**		
	Retained earnings 1 July 2021	4.786.611	1.935.221
	Profit or loss for the year brought forward	-10.733	2.851.390
		4.775.878	**4.786.611**

11. Contingencies

Contingent liabilities

The company's annual rent obligation amounts to USD 59,002.

The company has entered into long-term lease agreements with foreign tonnage. The total liability amounts 30 June 2022 USD to 1,550,500 relating to the financial year 2022/2023.

The company have pledged bank balances of USD 13,998 as security other bank balances.

Joint taxation

With Fortuna Seaside Invest A/S, company reg. no 37 99 19 02 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The 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.

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

12. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of Fortuna Seaside Invest A/S, Strandvejen 56, 2900 Hellerup.

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Notes

All amounts in USD.

	2021/22	2020/21
13. Adjustments		
Income from investments in subsidiaries	-10.733	-6.544
Other financial income	-13.814	-33.194
Other financial expenses	81.316	1.944
Tax on net profit or loss for the year	1.460.426	123.858
	1.517.195	**86.064**

	2021/22	2020/21
14. Change in working capital		
Change in inventories	-192.332	-685.938
Change in receivables	877.257	622.968
Change in trade payables and other payables	-500.179	777.397
	184.746	**714.427**

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Accounting policies

The annual report for Fortuna Seaside Bulk Carriers A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The annual report is presented in American dollars (USD). A USD exchange rate on the balance sheet items of 7.1620 (2021 : 6.2573).

The accounting policies are unchanged from the previous year, and the annual report is presented in American dollars (USD).

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 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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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Accounting policies

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.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Income statement

Gross profit

Gross profit comprises revenue, production costs, and other operating income.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Net turnover

Revenue compromises 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.

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Accounting policies

Production costs

Production costs comprise the vessels operation 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 maintenance costs, insurance costs and other operation expenses. Like revenue, vessels operation expenses are recognised on the basis of stage of completion.

Furthermore, provisions for losses on contracts are recognised in case of onerous contracts.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration expenses

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries

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

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

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Accounting policies

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries 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 for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries but are not represented in the parent, the following accounting policies have been applied.

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Accounting policies

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries 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 subsidiaries.

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.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Inventories

Inventories compris bunker oil kept on board vessels. Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Voyages in progress

Voyages in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from voyages in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of voyages in progress.

The voyages in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of voyages in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of voyages in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

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Accounting policies

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Fortuna Seaside Bulk Carriers A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

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