Fulmar Investments ApS

Havneholmen 25, 8.
DK-1561 Copenhagen V
Business Registration No: 38 10 49 69

Annual report for 2019

The Annual General Meeting adopted the annual report on 16.06.2020

Chairman of the Annual General Meeting

Name: Søren Poulsgaard Jensen

Contents

Entity details

Company

Fulmar Investments ApS
Havneholmen 25, 8th floor
1561 Copenhagen V, Denmark
Business Registration No: 38 10 49 69
Registered in: Copenhagen, Denmark
Financial year: 01.01.2019 – 31.12.2019
Phone: +45 33 15 15 15
Internet: www.scandlines.com
E-mail: scandlines@scandlines.dk

Board of Directors

Nicolas Grant, Chairman of the Board
Hamish Ambrose Lea-Wilson
Luke Erik Bugeja

Executive Board

Søren Poulsgaard Jensen
Per Johannesen Madsen

Company auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
2300 Copenhagen S, Denmark

Management commentary

Primary Activities

The Company's primary activities is to own associated companies.

Development in Activities and Finances

The financial year 2019 shows a profit for the year of MEUR 13.2 which is MEUR 16.7 higher than 2018.

Events after the balance sheet date

The Company's associated company, Scandlines Infrastructure ApS group is impacted by the outbreak of COVID-19 across Europe in early 2020 and subsequent travel restrictions. This impact has also materialized on Fulmar Investments and the financial statements. Any potential negative implications on our asset values or from liabilities arising as a result of the COVID-19 virus are considered 2020-events and will as such be reflected in our 2020 result.

Apart from this no events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

Consolidated financial statements

Income statement

	Notes	2019 MEUR	2018 MEUR
Other external expenses		0.7	0.0
Total costs		**0.7**	**0.0**
Other external expenses		-0.5	-11.2
Total costs		**-0.5**	**-11.2**
Result before amortisation and depreciation (EBITDA)		**0.2**	**-11.2**
Result from operations (EBIT)		**0.2**	**-11.2**
Profit from associated companies	4	79.6	46.6
Financial expenses	2	-70.1	-38.9
Result before tax		**9.7**	**-3.5**
Tax for the year	3	-0.4	0.0
Result for the year		**9.3**	**-3.5**
Total comprehensive income		9.3	-3.5
Attributable to owners of the parent company		9.3	-3.5

Consolidated financial statements

Balance sheet

	Notes	31.12.19 MEUR	31.12.18 MEUR
ASSETS			
Investments in associated companies	4	975.9	1.118.2
Non-current financial assets		**975.9**	**1.118.2**
Total non-current assets		**975.9**	**1.118.2**
Other Receiveables		0.0	0.1
Cash		10.4	25.7
Current assets		**10.4**	**25.8**
Total current assets		**10.4**	**25.8**
Assets		**986.3**	**1.144.0**

Consolidated financial statements

Balance sheet

	Notes	31.12.19 MEUR	31.12.18 MEUR
EQUITY AND LIABILITIES			
Share capital		0.0	0.0
Retained earnings		142.4	133.1
Reserves		-1.8	-1.2
Total equity		**140.6**	**131.9**
Interest-bearing liabilities	5	177.3	226.9
Payables to associated companies		664.2	0.0
Total non-current liabilities		**841.5**	**226.9**
Interest-bearing liabilities	5	0.0	13.0
Payables to associated companies		0.0	772.2
Company tax		0.4	0.0
Trade payables		3.8	0.0
Total current liabilities		**4.2**	**785.2**
Total liabilities		**845.7**	**1.012.1**
Equity and liabilities		**986.3**	**1.144.0**

Consolidated financial statements

Cash flow statement

	Notes	31.12.19 MEUR	31.12.18 MEUR
Result before amortisation and depreciation (EBITDA)		0.2	-11.2
Adjustments for non-cash operating items, etc.		0.3	0.0
Working capital changes	6	3.8	-0.1
Cash flows from operating activities, gross		**4.3**	**-11.3**
Taxes paid		0.0	0.0
Cash flows from operating activities, net		**4.3**	**-11.3**
Received dividend from affiliated company		221.4	58.8
Investment	4	0.0	-1.131.6
Cash flows to/from investing activities		**221.4**	**-1.072.8**
Capital increase		0.0	136.6
Repayment, loan from owners		-111.7	1.023.9
Repayment, loan		-64.3	-22.9
Interest and other		-64.6	-27.9
Fair value derivatives and foregin currency exchange adj.		-0.4	0.0
Cash flows to/from financing activities		**-241.0**	**1.109.7**
Cash flows for the year, net			
Cash at 1 January		25.7	0.1
Change in Cash		-15.3	25.6
Cash at 31 December		**10.4**	**25.7**
Breakdown of cash at the end of the year			
Cash		10.4	25.7
Cash at 31 December		**10.4**	**25.7**

Consolidated financial statements

Statement of changes in equity, MEUR

2019	Share capital	Retained earnings	Fair value adjustments of hedging instruments	Total
Equity at 1 January 2019	**0.0**	**133.1**	**-1.2**	**131.9**
Comprehensive income/loss for the year				
Result for the year	0.0	9.3	0.0	9.3
Income/loss	0.0	0.0	-0.6	-0.6
Equity at 31 December	**0.0**	**142.4**	**-1.8**	**140.6**

Share capital

Share capital is nominal EUR 26 thousand.

2018	Share capital	Retained earnings	Fair value adjustments of hedging instruments	Total
Equity at 1 October 2018	**0.0**	**0.0**	**0.0**	**0.0**
Comprehensive income/loss for the year				
Capital increase	0.0	136.6	0.0	136.6
Result for the year	0.0	-3.5	0.0	-3.5
Result for the year	0.0	0.0	-1.2	-1.2
Equity at 31 December 2018	**0.0**	**133.1**	**-1.2**	**131.9**

Share capital

Share capital is nominal EUR 26 thousand.

Consolidated financial statements

Overview of notes

Notes to the consolidated financial statements

1. Significant accounting estimates and judgements

As part of the preparation of the consolidated financial statements, Management makes a number of accounting estimates and judgements as well as assumptions as a basis for recognising and measuring the Group's assets, liabilities, income and expenses. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility. The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The Group's accounting policies are described in detail in note 14 to the consolidated financial statements to which we refer.

Management considers the following accounting estimates and judgements to be significant in the preparation of the annual report.

Notes, MEUR

	2019	**2018**
2. Financial expenses		
Interest to credit institutions etc.	-12.4	-6.0
Interest to associated companies	-57.7	-32.9
	-70.1	**-38.9**

3. Tax for the year

There is a tax asset of 5.1 MEUR which has not been recognised in the balance sheet as of 31 December 2019.

Notes to the consolidated financial statements

Notes, MEUR

4. Investments in associated companies

	2019	2018
Current assets	81.0	90.0
Non-current assets	2,457.4	2.471.5
Current liabilities	-73.6	-129.7
Non-current liabilities	-963.4	-711.4
Carrying amount of the Group's interest in the associate	**1,501.4**	**1.720.4**
Revenue	475.0	253.5
Profit or loss from operations	141.3	90.5
Profit/(loss) for the year	**122.2**	**71.5**
Other comprehensive income	-0.6	-2.0
Total comprehensive income	**121.6**	**69.5**
Dividends received from the associate during the year	**221.3**	**58.8**

	31.12.19	31.12.18
Net assets of associate	1,501.4	1.720.4
Proportion of the Group's ownership interest in the associate (%)	65%	65%
Carrying amount of the Group's interest in the associate	**975.9**	**1.118.2**

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group
Scandlines Infrastructure ApS	Holding	Copenhagen	65%

Notes to the consolidated financial statements

Notes, MEUR	31.12.19	31.12.18
5. Interest-bearing liabilities		
Bank debt	177.3	226.9
Total non-current interest-bearing liabilities	**177.3**	**226.9**
Bank debt	0.0	13.0
Total current interest-bearing liabilities	**0.0**	**13.0**
Total current and non-current interest-bearing liabilities	**177.3**	**239.9**

Please refer to note 8 with respect to financial risk etc.

Distribution of currency, nominal principal		
DKK	0.0	0.0
EUR	177.3	239.9
Total interest-bearing liabilities	**177.3**	**239.9**

Bank debt 2019

	Currency	Fixed/float interest	Nominal value	Fair value
Tranche 2 (expiry 2028)	EUR	Fixed	127.3	127.3
Tranche 3 (expiry 2032)	EUR	Fixed	50.0	50.0
			177.3	**177.3**

Facilities 2019	Facility	Utilised	Remaining facilities
Tranche 2 (expiry 2028)	127.3	127.3	0.0
Tranche 3 (expiry 2032)	50.0	50.0	0.0
	177.3	**177.3**	**0.0**

Notes to the consolidated financial statements

Notes, MEUR

5. Interest-bearing liabilities (continued)

Bank debt 2018

	Currency	Fixed/float interest	Nominal value	Fair value
Tranche 1 (expiry 2023)	EUR	Floating	64.2	64.2
Tranche 2 (expiry 2028)	EUR	Fixed	125.7	125.7
Tranche 3 (expiry 2032)	EUR	Fixed	50.0	50.0
			239.9	**239.9**

Facilities 2018	Facility	Utilised	Remaining facilities
Tranche 1 (expiry 2023)	64.2	64.2	0.0
Tranche 2 (expiry 2028)	125.7	125.7	0.0
Tranche 3 (expiry 2032)	50.0	50.0	0.0
	239.9	**239.9**	**0.0**

The fair value of the bank debt is calculated at present value of future payment and payment of interest applying the actual yield curve which derives from the actual market interest (level 2 in the fair value hierarchy).

The existing loan agreement is subject to covenants.

	31.12.19	31.12.18
6. Working capital changes		
Increase (-)/decrease (+) in trade payables	3.8	0.1
	3.8	**0.1**
7. Fees to auditors appointed by the Annual General Meeting		
Statutory audit	0.0	0.0
	0.0	**0.0**

Notes to the consolidated financial statements

Notes, MEUR

8. Financial risks and use of derivatives

The Group's risk management policy

Financial market risks derive from operating, financing and investment activities. The group Treasury Policy approved annually by the Executive Management defines responsibilities, procedures and risk limits per risk type. The Fulmar group does not actively speculate in financial risks. Financial risk management is performed centrally for the group and includes the responsibility for identifying, measuring, managing and reporting of financial risks in accordance with the group Treasury Policy.

Risks related to foreign exchange rates

Foreign exchange rate risk derives primarily from operating cash flows and financing arrangement in other currencies than EUR.

Liquitity risks

The Fulmar group has a strong and stable seasonality in the cash flow with a positive net cash flow in most calendar months. The liquidity risk is considered to be very low.

The Group's debt falls due as follows (excl. interest):

31.12.19	Within 1 year	1-5 years	After 5 years	Nominal values
Non-derivatives				
Credit institutions and banks*	0.0	25.8	151.5	177.3
	0.0	**25.8**	**151.5**	**177.3**

31.12.18	Within 1 year	1-5 years	After 5 years	Nominal values
Non-derivatives				
Credit institutions and banks*	13.0	61.3	165.6	239.9
	13.0	**61.3**	**165.6**	**239.9**

*Due to immaterial effects between fair values and nominal value, the difference is not shown.

Notes to the consolidated financial statements

Notes, MEUR

8. Financial risks and use of derivatives (continued)

Capital management

The Group regularly evaluates the need for adjusting the capital structure in order to match the requirement for increased returns on capital invested and flexibility to realise the strategic objectives.

The group's dividend policy is closely related to the existing loan agreement. This means that dividend may be allotted only if the assumptions determined in the agreement have been met. This ensures that dividend is allotted only if specific financial ratios have been observed, and that instalments in respect of the debt are made depending on the size of the dividend.

Fair value hierarchy of financial instruments measured at fair value in the balance sheet forward exchange transactions and interest rate swaps are valued using an income approach (discounted cash flow). Expected future cash flows are based on relevant observable swap rates and forward exchange rates and discounted using a discount rate that reflects the credit risk of the relevant counterparties (level 2).

	31.12.19	**31.12.18**
Bank debt	177.3	239.9
Financial liabilities measured at amortised cost	**177.3**	**239.9**

9. Guarantees, contingent liabilities and collateral

The Group's bank debts, as disclosed in note 5, are obtained by the subsidiary of the Group, Fulmar Holding ApS. All assets at any time belonging to the Group including recognised as well as not recognised assets are pledged as collateral for the bank debts.

10. Related parties

Fulmar Investments ApS, primary shareholders are FS Argon Gas S.à.r.l. and Hermes funds (Hermes Infrastructure Fund I LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure Fund II LP) .

The members of the Fulmar Investments ApS' Executive Management and these persons' close family members are also related parties.

Related parties also include all companies owned by Fulmar Investments ApS.

Notes to the consolidated financial statements

Notes, MEUR

10. Related parties (continued)

The activities of the Scandlines Infrastructure Group are managed by Scandlines Danmark ApS and Scandlines Deutchland GmbH and their subsidiaries.

During the period, there have been no transactions with related parties aside from intragroup transactions (primarily charter hire, management fees, etc.) which have been eliminated in the consolidated financial statements, ordinary remuneration of Executive Management.

The companies included in the consolidated financial statements are:

Company	Ownership	Country
Holding companies		
Fulmar Investments ApS	100%	Denmark
Subsidiaries		
Fulmar Holding ApS	100%	Denmark

12. Events after the balance sheet date

The Company's associated company, Scandlines Infrastructure ApS group is impacted by the outbreak of COVID-19 across Europe in early 2020 and subsequent travel restrictions. This impact has also materialized on Fulmar Investments and the financial statements. Any potential negative implications on our asset values or from liabilities arising as a result of the COVID-19 virus are considered 2020-events and will as such be reflected in our 2020 result.

Apart from this no events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

Notes to the consolidated financial statements

13. Accounting policies
The consolidated financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of reporting class B enterprises.

The Company was established on 1 October 2016 and the purpose has in 2019 been to be Holding company in Scandlines Infrastructure ApS.

Basis of accounting
The consolidated financial statements are presented in EUR, the functional currency of Fulmar Investments ApS. The consolidated financial statements are prepared under the historical cost convention, with the exception of derivatives which are measured at fair value.Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount before the change in classification and fair value net of selling costs. The accounting policies described below have been applied consistently throughout the financial year.

Standards and interpretations effective in the current period
The following new and revised standards and interpretations are relevant for the group and have been adopted as applicable in the current period:

- IFRS 16 ´Leases´
- IFRIC 23 – Uncertainty over Income tax treatments

IFRS 16 - Leases was published in January 2016 and introduces a single lessee accounting model, requiring lessees to recognise leases in the balance sheet as a right-of-use asset and a lease liability, unless the lease term is 12 months or less or the underlying asset has a low value. In the income statement, the lease cost is replaced by depreciation of the leased asset and an interest expense for the financial liability. The group has adopt the standard with effect of 1. January 2019.

The implementation of IFRS 16 has not had any impact on the financial statements.
The implementation of IFRIC 23 has not had any impact on the financial statements.

Notes to the consolidated financial statements

13. Accounting policies (continued)

Critical accounting policies
Management believes that the accounting policies applied to the consolidated financial statements, business combinations, investments in associated companies and derivatives to be those most important to the group. Below, each of those fields are described together with other accounting policies applied. Significant accounting estimates and judgements made when applying the group's accounting policies are described in note 1 to the consolidated financial statements.

Description of accounting policies applied

Consolidated financial statements
The consolidated financial statements include Fulmar Investments ApS (the Parent) and subsidiaries, in which Fulmar Investments ApS exercises control over their financial and operating policies. Control is achieved by the Parent either directly or indirectly owning or holding more than 50% of the voting rights or in any other way controlling the relevant enterprise (affiliated company). Fulmar Investments ApS and its affiliated companies are together referred to as the Group.

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and the affiliated companies by aggregating uniform financial statement items and subsequently eliminating intercompany transactions, intercompany shareholdings and balances as well as unrealised intercompany gains and losses. The consolidated financial statements are based on financial statements prepared in compliance with the Group's accounting policies.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Enterprises divested or wound up are recognised until the time of divestment or winding-up. Comparative figures are adjusted neither for enterprises added by way of acquisition or merger nor for enterprises divested.

Acquisitions of enterprises over which the Parent obtains control are accounted for under the acquisition method. The identifiable assets, liabilities and contingent liabilities of the enterprises acquired are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they can be separated or arise out of a contractual right. Deferred tax is recognised for the reassessments made.

The acquisition date is the date on which Fulmar Investments ApS effectively obtains control over the acquiree.

Notes to the consolidated financial statements

13. Accounting policies (continued)

Positive balances (goodwill) between, on the one hand, the consideration paid, the value of minority interests in the enterprise acquired and the fair value of any equity interests previously acquired, and, on the other hand, the identifiable assets, liabilities and contingent liabilities acquired are recognised as goodwill in intangible assets. Goodwill is not amortised, but tested at least once a year for impairment. Impairment tests are first made before the end of the year of acquisition.

On acquisition, goodwill is allocated to cash-generating units, which then form the basis of impairment testing. The allocation of goodwill by cash-generating unit is disclosed in note 9 to the consolidated financial statements.

The consideration for an enterprise consists of the fair value of the consideration agreed in the form of assets acquired, liabilities assumed and equity instruments issued. Where parts of the consideration are conditional upon future events or fulfilment of agreed conditions, these parts of the consideration are recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised directly in the income statement when incurred.

Positive and negative balances from enterprises acquired may be adjusted for a period of up to 12 months after the date of acquisition if the original recognition was preliminary or subject to error. Any other adjustments are recognised in the income statement under special items, including changes in estimates of contingent consideration.

If an enterprise is acquired by way of more than one transaction, such equity interests as are held directly prior to the last transaction leading to control are considered sold and directly repurchased at the acquisition date fair value. Any difference between the ”selling price” and the carrying amount of those equity interests results in a net profit or loss from the interests already held. Profits or losses are recognised in the income statement as financial income or financial expenses.

Step acquisitions after the achievement of control, that is acquisitions of minority interests, are taken directly to equity. Divestments of minority interests over which control is maintained are recognised directly in equity.

Foreign currency translation

Functional currency and presentation currency

Financial statement items for each of the Group’s enterprises are measured applying the functional currency that is used in the primary economic environment in which the enterprise operates. The consolidated financial statements are presented in EUR, the Parent’s functional currency and presentation currency.

Notes to the consolidated financial statements

13. Accounting policies (continued)

The foreign currency translation adjustments are divided between the Parent's share and the minority interests' share of equity. When wholly-owned foreign enterprises are disposed of, such foreign currency translation adjustments accumulated in equity through other comprehensive income as are attributable to the enterprise are reclassified from "Reserve for foreign currency translation adjustments" to profit or loss together with any profit or loss from the disposal.

When partially owned foreign affiliated companies are disposed of, the portion of the reserve for foreign currency translation adjustments relating to minority interests is not taken to profit or loss.

When part of an associate or a joint venture is disposed of, the proportionate share of the accumulated reserve for foreign currency translation adjustments recognised in other comprehensive income is reclassified to profit or loss for the year.

Repayment of any balances deemed part of the net investment is not in itself regarded as constituting partial disposal of the subsidiary.

Income statement

Other external expenses

These expenses comprise expenses incurred for administration and legal consulting of the Group, including stationery and office supplies.

Share of profit or loss of subsidiaries

The proportionate share of associates' profit or loss after tax and after elimination of the proportionate share of intercompany profits or losses is recognised in the consolidated income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised exchange gains and losses on debt and foreign currency transactions, realised capital gains and losses on securities and amortisation of financial assets and liabilities, including surcharges and reliefs under the Danish Tax Prepayment Scheme, etc. The item also includes realised and unrealised gains and losses from derivatives not classified as hedging transactions.

Notes to the consolidated financial statements

13. Accounting policies (continued)

Taxation

Tax for the year, which consists of income tax, and the annual joint taxation contribution for Danish affiliated companies and changes in deferred tax, are recognised in the income statement by the portion attributable to profit or loss for the year and taken directly to equity by the portion attributable to entries directly in equity. Corrections concerning previous years are included in this item as well.

When settling joint taxation contributions, the current Danish income tax is allocated among the jointly taxed enterprises proportionally to their taxable income. Enterprises with tax losses receive joint taxation contributions from enterprises that could have used such losses to reduce their own taxable profit.

Income tax and tonnage tax computed for the year are recognised in the balance sheet as current tax payable or receivable or as a joint taxation contribution for Danish enterprises, allowing for prepayments made. Pursuant to the Danish rules governing joint taxation, affiliated companies' liability for own income taxes is settled as and when the joint taxation contributions are paid to the administration company.

Assets

Current assets are defined as:

- Assets expected to be realised or are held for sale or consumption during the Scandferries Group's normal operating cycle, or
- Assets primarily held for trading or expected to be realised within one year of the balance sheet date, or
- Cash with no restrictions on use

All other assets are classified as non-current.

Non-current financial assets

Unless otherwise specifically stated, the following applies:

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method. This means that, in the balance sheet, investments are measured at the proportionate share of the enterprises' equity value, calculated applying the Group's accounting policies, plus the carrying amount of goodwill and plus or less the proportionate share of unrealised intercompany profits and losses.

Notes to the consolidated financial statements

13. Accounting policies (continued)

Subsidiaries with a negative equity value are measured at EUR 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this amount is recognised in liabilities.

Any receivables from associates are written down if the receivable is considered irrecoverable.

Other assets
On initial recognition, other non-current assets and current assets are measured at cost. Subsequently, these assets are measured in one of the following categories:

- Held for trading: The asset is measured at fair value, and value adjustments are recognised through profit or loss
- Available for sale: The asset is measured at fair value, and value adjustments are recognised through other comprehensive income and transferred to a separate reserve in equity
- Loans and receivables: The asset is measured at amortised cost, and value adjustments are recognised through profit or loss

Impairment
The carrying amounts of financial assets are reviewed regularly, at least once a year, to determine any indication of impairment. If such indication exists, the recoverable amount of the asset is determined. The recoverable amount is the higher of the asset's net selling price and value in use. The value in use is calculated by discounting to net present value the expected future net cash flows from the asset – either from the asset itself or from the lowest cash-generating unit that the asset belongs to.

Equity

Dividend
Proposed dividend is recognised as a liability at the time of adoption at the general meeting (time of declaration). Dividend expected to be paid for the year is disclosed as a separate equity item.

Foreign currency translation adjustments reserve
The reserve for foreign currency translation adjustments includes currency translation differences arising from the translation of financial statements of enterprises using a functional currency other than EUR as well as currency translation adjustments relating to assets and liabilities which represent part of the Group's net investments in such enterprises.

Notes to the consolidated financial statements

13. Accounting policies (continued)

Fair value adjustment of hedging instruments

The hedging reserve includes the accumulated net change in the fair value of hedging instruments which meet the criteria for hedging future cash flows with the transaction hedged not having been carried out yet.

Liabilities

Current liabilities are defined as:

- Liabilities expected to be settled during the Group’s normal operating cycle, or
- Liabilities to be settled within twelve months after the balance sheet date

All other liabilities are classified as non-current.

Cash flow statement

The Group’s cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as the Group’s cash and cash equivalents at the beginning and end of the financial year.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities.

Cash flows from enterprises acquired are recognised in the cash flow statement from the time of their acquisition, and cash flows from enterprises divested are recognised up to the time of sale.

Cash flows from operating activities are calculated based on profit before amortisation and depreciation (EBITDA) and special items, adjusted for the cash flow effect of special items, non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and activities as well as the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets. Cash flows from financing activities comprise payments arising from changes in the size or composition of the Group’s share capital, dividend paid as well as the incurrence of mortgage debt and raising of and repayment of mortgage loans, other long-term debt and short-term bank debt. Cash and cash equivalents comprise cash at bank and in hand.

Parent Company Financial Statements

Parent Company Financial Statements

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Parent financial statements

Comprehensive income statement

	Notes	2019 MEUR	2018 MEUR
Administrative expenses		-0.2	-0.1
Total costs		**-0.2**	**-0.1**
Result before amortisation and depreciation (EBITDA)		**-0.2**	**-0.1**
Result before financial income and expenses (EBIT)		**-0.2**	**- 0.1**
Profit from affiliated company		67.4	29.6
Net financials	2	-57.7	-32.9
Result before tax		**9.5**	**-3.4**
Tax for the year		-0.2	0.0
Total comprehensive income/loss		**9.3**	**-3.4**

Parent financial statements

Balance sheet

Assets

	Notes	31.12.19 MEUR	31.12.18 MEUR
Investments in affiliated companies	3	804.8	903.6
Total non-current assets		**804.8**	**903.6**
Cash		3.9	0.5
Total current assets		**3.9**	**0.5**
Assets		**808.7**	**904.1**

Equity and liabilities

	31.12.19 MEUR	31.12.18 MEUR
Share capital	0.0	0.0
Capital reserves	-1.8	-1.2
Retained earnings	142.4	133.1
Total equity	**140.6**	**131.9**
Payables to associated companies	664.2	0.0
Total non-current liabilities	**664.2**	**0.0**
Payables to associated companies	0.0	772.2
Trade payables	3.6	0.0
Company tax	0.3	0.0
Total current liabilities	**3.9**	**772.2**
Total liabilities	**668.1**	**772.2**
Equity and liabilities	**808.7**	**904.1**

Parent financial statements

Statement of changes in equity, MEUR

2019	Share capital	Retained earnings	Fair value adjustments of hedging instruments	Total
Equity at 1 January	**0.0**	**133.1**	**-1.2**	**131.9**
Comprehensive income/loss for the year				
Result for the year	0.0	9.3	0.0	9.3
Income/loss	0.0	0.0	-0.6	-0.6
Equity at 31 December	**0.0**	**142.4**	**-1.8**	**140.6**

Share capital

Share capital is nominal EUR 26 thousand.

2018	Share capital	Retained earnings	Fair value adjustments of hedging instruments	Total
Equity at 1 January 2018	**0.0**	**0.0**	**0.0**	**0.0**
Comprehensive income/loss for the year				
Capital increase	0.0	136.6	0.0	136.6
Result for the year	0.0	-3.5	0.0	-3.5
Income/loss	0.0	0.0	-1.2	-1.2
Equity at 31 December	**0.0**	**133.1**	**-1.2**	**131.9**

Share capital

Share capital is nominal EUR 26 thousand.

Parent financial statements

Overview of notes

Parent financial statements

1. Significant accounting estimates and judgements

Estimation uncertainty

Determining the carrying amount of certain assets and liabilities requires an estimate of how future events will affect the value of those assets and liabilities at the balance sheet date. Estimates that are significant to the Parent's financial reporting are made, for instance, by reviewing investments in subsidiaries for impairment. They constitute a major portion of the Parent's total assets.

Subsidiaries are tested for impairment if events or other circumstances indicate that the carrying amount is not recoverable. Measuring subsidiaries requires significant estimates to be made when making different assumptions, including expected future cash flows, discount rate and terminal value growth rates. The sensitivity to changes in the assumptions applied - collectively and individually - may be significant.

Particular risks of the Group are discussed in the management commentary and note 9 to the consolidated financial statements.

Assumptions about the future and other estimation uncertainties at the balance sheet date are disclosed in the notes if they involve a material risk of changes that may lead to considerable adjustment of the carrying amounts of assets or liabilities within the next financial year.

Accounting policies

Management estimates that, when applying the Parent's accounting policies, no judgements are made other than those involving estimations that can significantly affect the amounts recognised in the parent financial statements.

Notes, MEUR

	31.12.19	**31.12.18**
2. Financial expenses		
Interest to associated companies	-57.7	-32.9
	-57.7	**-32.9**

Parent financial statements

Notes, MEUR

	31.12.18	**31.12.18**
3. Investments in affiliated companies		
Total cost statement:		
Cost at 1 January	910.4	0.0
Additions for the year	0.0	910.4
Cost at 31 December	910.4	910.4
Revaluations at 1 January	- 6.8	0.0
Result for the year	67.4	29.6
Other adjustments	-0.6	-1.2
Received dividend	-165.6	-35.1
Revaluations at 31 December	-105.6	-6.8
Carrying amount at 31 December	**804.8**	**903.6**

Investments in affiliated companies comprise:

Name of associate	**Principal activity**	**Place of incorporation and principal place of business**	**Proportion of ownership interest and voting rights held by the Group**
Fulmar Holding ApS	Holding	Copenhagen	100%

The carrying amount of the Parent's investments in affiliated companies is tested for impairment if an indication of impairment exists. Impairment tests conducted have not resulted in a need for write-downs.

4. Related parties

For specification of related parties refer to note 11 of the consolidated financial statements.

During the period, there have been no transactions with related parties aside from intragroup transactions (primarily charter hire, management fees, dividend, etc.) which have been eliminated in the consolidated financial statements and ordinary remuneration of Executive Management.

Parent financial statements

5. Events after the balance sheet date

The Company's associated company, Scandlines Infrastructure ApS group is impacted by the outbreak of COVID-19 across Europe in early 2020 and subsequent travel restrictions. This impact has also materialized on Fulmar Investments and the financial statements. Any potential negative implications on our asset values or from liabilities arising as a result of the COVID-19 virus are considered 2020-events and will as such be reflected in our 2020 result.

Apart from this no events have occurred in the period from the balance sheet date until the date of release of this annual report that would materially affect the evaluation of the annual report.

6. Accounting policies

The separate parent financial statements have been incorporated in the annual report because a separate set of financial statements is required for the Parent under the Danish Financial Statements Act.

The parent financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting class B enterprises. The accounting policies applied for these financial statements are consistent with those applied last year.

Description of accounting policies applied

Compared to the accounting policies described for the consolidated financial statements (see note 14 to the consolidated financial statements), the accounting policies applied by the Parent are different in the following respects:

Business combinations

In the parent financial statements, intercompany acquisitions (and divestments) of enterprises and activities are recognised and measured applying the book value method, under which any differences between the consideration and the carrying amounts of the tradable enterprises or activities are recognised directly in equity.

Foreign currency translation

Translation adjustments of balances considered part of the total net investment in enterprises using a functional currency other than EUR are recognised in financial income or financial expenses in the income statement of the parent financial statements.

Dividend income

Distribution of profits accumulated by subsidiaries is taken to income in the Parent's income statement in the financial year in which the dividend is declared. If an amount is distributed exceeding the subsidiary's comprehensive income for the period, then an impairment test is performed.

Parent financial statements

6. Accounting policies (continued)

Tax on profit for the year

Enterprises using the tax losses of other enterprises pay a joint taxation contribution to the Parent that is equivalent to the tax base of the losses used whereas enterprises whose tax losses are used by other enterprises receive a joint taxation contribution from the Parent that is equivalent to the tax base of the losses used (full allocation).

Taxation

The Company is subject to the Danish rules requiring joint taxation of the Group's Danish subsidiaries. Joint taxation contribution to or from subsidiaries is recognised in tax on profit or loss for the year. Tax payable and receivable are taken to current assets and current liabilities. Joint tax contributions payable or receivable are recognised in the balance sheet under receivables from or payables to affiliated companies.

Statement by Management on the annual report

The Board of Directors and the Executive Management have today considered and approved the annual report of Fulmar Investments ApS for the financial year 1 January 2019 - 31 December 2019.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2019 and of the results of their operations and cash flows for the financial year 1 January 2019 - 31 December 2019.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 16.06.2020

Executive Management

Søren Poulsgaard Jensen, CEO

Per Johannesen Madsen, CFO

Board of Directors

Nicolas Grant
Chairman of the Board

Hamish Ambrose Lea-Wilson

Luke Erik Bugeja

Independent auditor's report

To the shareholders of Fulmar Investments ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31-12-2019, and of the results of their operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 consolidated financial statements and the parent financial statements* section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Copenhagen, 16.06.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Kirsten Aaskov Mikkelsen State-Authorised Public Accountant MNE no 21358	Bjarne Iver Jørgensen State-Authorised Public Accountant MNE no 35659