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REDERIET BALTIC APS
TAGHOLM 15, 9400 NØRRESUNDBY
ANNUAL REPORT
17 FEBRUARY - 30 SEPTEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 11 January 2024**

Jørgen Olesen

CVR NO. 43 86 37 70

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COMPANY DETAILS

| | |
|------------------------|---|
| Company | Rederiet Baltic ApS Tagholm 15 9400 Nørresundby CVR No.: 43 86 37 70 Established: 17 February 2023 Municipality: Aalborg Financial Year: 17 February - 30 September |
| Executive Board | Henrik Holst Pedersen Jørgen Olesen |
| Auditor | BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C |
| Bank | Nykredit Erhverv Sdr. Havnegade 1 6000 Kolding NIBC Bank N.V. Carnegieplein 4 2517 KJ The Hague |

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Rederiet Baltic ApS for the financial year 17 February - 30 September 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 30 September 2023 and of the results of the Company's operations for the financial year 17 February - 30 September 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Nørresundby, 11 January 2024

Executive Board

Henrik Holst Pedersen

Jørgen Olesen

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Rederiet Baltic ApS

Opinion

We have audited the Financial Statements of Rederiet Baltic ApS for the financial year 17 February - 30 September 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 30 September 2023 and of the results of the Company's operations for the financial year 17 February - 30 September 2023 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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.

INDEPENDENT AUDITOR'S REPORT

- 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 Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the 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 Management Commentary.

Odense, 11 January 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mikkel Aalykke
State Authorised Public Accountant
MNE no. mne41307

MANAGEMENT COMMENTARY

Principal activities

The company's main activity is to own a ship and conduct shipping activities.

Development in activities and financial and economic position

The company was established 17 February 2023 in connection with acquisition of the Vessel M/T Baltic. The Vessel was taken over at a shipyard in Gdansk, Poland, where she was refurbished and upgraded, before she was brought into service.

The result for the period shows a profit of USD('000) 68. Management considers the result for the period satisfactory.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 17 FEBRUARY - 30 SEPTEMBER

| | Note | 2023 USD |
|---|------|------------------|
| GROSS PROFIT | | 1,553,258 |
| Staff costs..... | 1 | -451,096 |
| Depreciation, amortisation and impairment losses..... | | -338,284 |
| OPERATING PROFIT | | 763,878 |
| Other financial income..... | | 42,008 |
| Other financial expenses..... | 2 | -736,356 |
| PROFIT BEFORE TAX | | 69,530 |
| Tax on profit/loss for the year..... | 3 | -1,404 |
| PROFIT FOR THE YEAR | | 68,126 |
| PROPOSED DISTRIBUTION OF PROFIT | | |
| Retained earnings..... | | 68,126 |
| TOTAL | | 68,126 |

BALANCE SHEET AT 30 SEPTEMBER

| ASSETS | Note | 2023 USD |
|---|-------------|---------------------|
| Ships..... | | 22,407,170 |
| Tangible fixed assets..... | 4 | 22,407,170 |
| FIXED ASSETS..... | | 22,407,170 |
| Raw materials and consumables..... | | 199,455 |
| Inventories..... | | 199,455 |
| Trade receivables..... | | 437,667 |
| Receivables from group enterprises..... | | 78,680 |
| Other receivables..... | | 48,434 |
| Prepayments..... | | 277,538 |
| Receivables..... | | 842,319 |
| Cash and cash equivalents..... | | 584,781 |
| CURRENT ASSETS..... | | 1,626,555 |
| ASSETS..... | | 24,033,725 |

BALANCE SHEET AT 30 SEPTEMBER

| EQUITY AND LIABILITIES | Note | 2023 USD |
|------------------------------------|-------------|---------------------|
| Share capital..... | | 7,132 |
| Fair value reserve, hedging..... | | -5,404 |
| Retained earnings..... | | 2,268,126 |
| EQUITY..... | | 2,269,854 |
| Bank loan..... | | 9,968,566 |
| Corporation tax..... | | 1,404 |
| Long-term liabilities..... | 5 | 9,969,970 |
| Bank loan..... | | 649,828 |
| Trade payables..... | | 137,941 |
| Debt to group companies..... | | 10,349,441 |
| Hedging instruments..... | 6 | 5,404 |
| Other liabilities..... | | 651,287 |
| Current liabilities..... | | 11,793,901 |
| LIABILITIES..... | | 21,763,871 |
| EQUITY AND LIABILITIES..... | | 24,033,725 |
| | | |
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EQUITY

| | Share capital | Fair value reserve, hedging | Retained earnings | Total |
|--|---------------|-----------------------------------|----------------------|------------------|
| Equity at 17 February 2023..... | 7,132 | 0 | 0 | 7,132 |
| Proposed distribution of profit..... | | | 68,126 | 68,126 |
| Transactions with owners | | | | |
| Group Contribution..... | | | 2,200,000 | 2,200,000 |
| Net adjustment of hedging instruments | | | | |
| Value adjustments in the year..... | | -5,404 | | -5,404 |
| Equity at 30 September 2023 | 7,132 | -5,404 | 2,268,126 | 2,269,854 |

NOTES

| | 2023 USD | Note | |
|--|--------------------------------|------------------------|--------------------------------------|
| Staff costs | | 1 | |
| Average number of employees | 16 | | |
| Wages and salaries..... | 428,658 | | |
| Pensions..... | 8,897 | | |
| Social security costs..... | 12,000 | | |
| Other staff costs..... | 1,541 | | |
| | 451,096 | | |
| Other financial expenses | | 2 | |
| Group enterprises..... | 346,123 | | |
| Other interest expenses..... | 390,233 | | |
| | 736,356 | | |
| Tax on profit/loss for the year | | 3 | |
| Calculated tax on taxable income of the year..... | 1,404 | | |
| | 1,404 | | |
| Tangible fixed assets | | 4 | |
| | | Ships | |
| Additions..... | 22,745,454 | | |
| Cost at 30 September 2023..... | 22,745,454 | | |
| Depreciation for the year..... | 338,284 | | |
| Depreciation and impairment losses at 30 September 2023..... | 338,284 | | |
| Carrying amount at 30 September 2023..... | 22,407,170 | | |
| Long-term liabilities | | 5 | |
| | 30/9 2023 total liabilities | Repayment next year | Debt outstanding after 5 years |
| Bank loan..... | 10,616,566 | 648,000 | 0 |
| Corporation tax..... | 1,404 | 0 | 0 |
| | 10,617,970 | 648,000 | 0 |

NOTES

Note

Derivative financial instruments

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On behalf of affiliates, the parent company has entered a foreign exchange collar to secure the affiliates' transactions in foreign currency. The company's share of the fair market value of the hedge amounts to USD ('000) -5 which has been recognised under other debt and directly to equity.

The hedging instruments impact the Balance Sheet, Income Statement and Equity as follows:

| | Foreign exchange collar |
|--|-------------------------|
| Fair value at 30 September 2023 (liabilities)..... | 5,404 |
| Value adjustment in the year recognised in Equity..... | -5,404 |

Contingencies etc.

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The company is jointly and severally liable for affiliates' facilities with NIBC Bank N.V.

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Alba Shipping & Trading A/S, which serves as management Company for the joint taxation.

Charges and securities

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As collateral for the company's and affiliates' facilities with NIBC Bank N.V. an indemnity letter of nom 27 million USD with 1st priority security in the vessel with a book value of USD ('000) 22,407 has been issued.

In addition, a 1st priority assignment of all insurances in relation to the vessel and a 1st priority security in bank accounts with a balance of USD ('000) 577 at 30 September 2023 has been granted, which are free and available until event of default has occurred.

Related parties

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Consolidated financial statements

The company is included in the consolidated financial statements of Alba Shipping & Trading A/S, Tagholm 15, 9400 Nørresundby, which is the company's ultimate parent.

ACCOUNTING POLICIES

The Annual Report of Rederiet Baltic ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The figures in the Annual Report are presented in USD because this currency is regarded as the most relevant as the main part of the Company's activities are settled in this currency. The exchange rate of USD against DKK is 7.0390 at 30 September 2023.

The Annual Report is prepared with the following accounting principles.

INCOME STATEMENT

Net revenue

Net revenue comprise freight income generated by the company's Vessel and is recognized in the income statement as delivery of the service according to contracts takes place. Net revenue is recognized exclusive of VAT, duties and less commissions related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables to operate the Vessel, bunker fuel, port fees etc.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. The crew is paid according to the DIS scheme. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

The company's current tax is calculated in accordance with the provisions of "tonnageskatteloven".

BALANCE SHEET

Tangible fixed assets

Ships are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

ACCOUNTING POLICIES

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life | Residual value |
|------------|-------------|----------------|
| Ships..... | 25 years | 8-10 % |

Capitalised ship inspection costs are depreciated separately over 2.5 years.

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Impairment of fixed assets

The carrying amount of tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Prepayments and accrued income, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

Change in the fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.