

# Fortuna Seaside Bulk Carriers A/S

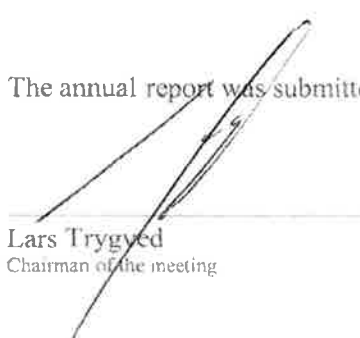
Strandvejen 56, 2900 Hellerup

Company reg. no. 37 99 21 78

## Annual report

1 July 2020 - 30 June 2021

The annual report was submitted and approved by the general meeting on the *17/10-2021*



Lars Trygved  
Chairman of the meeting

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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 report**

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Today, the board of directors and the executive board have presented the annual report of Fortuna Seaside Bulk Carriers A/S for the financial year 1 July 2020 - 30 June 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the company's results of activities in the financial year 1 July 2020 – 30 June 2021.

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

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

Hellerup, 14 October 2021

### **Executive board**

Lars Trygved

Ulrik Lund Rasmussen

### **Board of directors**

Lars Trygved

Michael Steen Jakobsen

Ulrik Lund Rasmussen

Peter Bruno Rasmussen

Henrik Ambjørn Petersen

## **Independent auditor's report**

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### **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 2020 - 30 June 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 30 June 2021 and of the results of the company's activities for the financial year 1 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent auditor's report

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As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

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

## Independent auditor's report

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

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

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

Copenhagen, 14 October 2021

### Grant Thornton

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



Ulrik Bloch-Sørensen  
State Authorised Public Accountant  
mne2913

## Company information

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### The company

Fortuna Seaside Bulk Carriers A/S  
Strandvejen 56  
2900 Hellerup

Phone 39161200  
Web site [www.fortuna-seaside.com](http://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

## Management commentary

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### **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 5.513.530 against USD 428.888 last year (6 months). Income from ordinary activities after tax of USD 4.485.631 against USD -298.699 (6 months) 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 is 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.

Market risks.

#### *Liquidity risks*

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

**Income statement**

All amounts in USD.

<u>Note</u>	1/7 2020 - 30/6 2021	1/1 2020 - 30/6 2020
<b>Gross profit</b>	<b>5.513.530</b>	<b>428.888</b>
Distribution costs	-1.054	-5.541
Administration costs	-940.781	-639.403
<b>Operating profit</b>	<b>4.571.695</b>	<b>-216.056</b>
Income from equity investments in group enterprises	6.544	-47.550
Other financial income	33.194	191
Other financial costs	-1.944	-28.337
Financing, net	37.794	-75.696
<b>Pre-tax net profit or loss</b>	<b>4.609.489</b>	<b>-291.752</b>
Tax on net profit or loss for the year	-123.858	-6.947
<b>Net profit or loss for the year</b>	<b>4.485.631</b>	<b>-298.699</b>
<b>Proposed appropriation of net profit:</b>		
Reserves for net revaluation according to the equity method	6.574	-11.868
Dividend for the financial year	1.627.667	0
Transferred to retained earnings	2.851.390	0
Allocated from retained earnings	0	-286.831
<b>Total allocations and transfers</b>	<b>4.485.631</b>	<b>-298.699</b>

## Statement of financial position at 30 June

All amounts in USD.

<b>Assets</b>		
<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Non-current assets</b>		
2 Other fixtures and fittings, tools and equipment	0	26.225
Total property, plant, and equipment	0	26.225
3 Equity investments in group enterprises	323.043	316.469
4 Other receivables	32.416	30.514
Total investments	355.459	346.983
<b>Total non-current assets</b>	<b>355.459</b>	<b>373.208</b>
<b>Current assets</b>		
Raw materials and consumables	1.478.154	792.216
Total inventories	1.478.154	792.216
Trade receivables	585.686	382.689
5 Voyages in progress	1.007.652	1.798.400
Amounts owed by group enterprises	289.015	0
Deferred tax assets	252.294	0
Other receivables	3.523	9.653
Prepayments and accrued income	4.603	16.072
Total receivables	2.142.773	2.206.814
Other financial instruments and equity investments	0	17.619
Total financial instruments	0	17.619
Cash on hand and demand deposits	5.427.409	1.725.281
<b>Total current assets</b>	<b>9.048.336</b>	<b>4.741.930</b>
<b>Total assets</b>	<b>9.403.795</b>	<b>5.115.138</b>

## Statement of financial position at 30 June

All amounts in USD.

<b>Equity and liabilities</b>		<u>2021</u>	<u>2020</u>
<u>Note</u>			
<b>Equity</b>			
	Contributed capital	75.476	75.476
6	Reserve for net revaluation according to the equity method	137.913	131.339
7	Retained earnings	4.786.611	1.935.221
	Proposed dividend for the financial year	1.627.667	0
	<b>Total equity</b>	<b><u>6.627.667</u></b>	<b><u>2.142.036</u></b>
<b>Liabilities other than provisions</b>			
	Other payables	0	66.712
	Total long term liabilities other than provisions	<u>0</u>	<u>66.712</u>
5	Prepayments received from customers concerning work in progress for the account of others	202.100	479.037
	Trade payables	1.912.961	921.717
	Payables to group enterprises	0	1.283.841
	Corporate tax	376.152	0
	Other payables	284.915	221.795
	Total short term liabilities other than provisions	<u>2.776.128</u>	<u>2.906.390</u>
	<b>Total liabilities other than provisions</b>	<b><u>2.776.128</u></b>	<b><u>2.973.102</u></b>
	<b>Total equity and liabilities</b>	<b><u>9.403.795</u></b>	<b><u>5.115.138</u></b>

**1 Employee issues**

**8 Contingencies**

## Notes

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All amounts in USD.

	1/7 2020 - 30/6 2021	1/1 2020 - 30/6 2020
<b>1. Employee issues</b>		
Payrolls	1.179.333	406.164
Pensions	142.163	56.899
Other expenses to social security	6.628	5.695
Payrolls, re-invoiced	-555.468	0
Other staff expenses	16.352	23.000
	<b>789.008</b>	<b>491.758</b>
 Executive board and board of directors	 355.455	 64.913
 Average number of employees	 8	 8
<b>2. Other fixtures and fittings, tools and equipment</b>		
Cost 1 July 2020	28.896	45.684
Additions during the year	0	28.896
Disposals during the year	-28.896	-45.684
<b>Cost 30 June 2021</b>	<b>0</b>	<b>28.896</b>
 Depreciation and writedown 1 July 2020	 -2.671	 -37.749
Depreciation for the year	0	-2.671
Depreciation and writedown, assets disposed of	2.671	37.749
<b>Depreciation and writedown 30 June 2021</b>	<b>0</b>	<b>-2.671</b>
 <b>Carrying amount, 30 June 2021</b>	 <b>0</b>	 <b>26.225</b>

## Notes

All amounts in USD.

	<u>30/6 2021</u>	<u>30/6 2020</u>
<b>3. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 July 2020	185.130	185.130
<b>Cost 30 June 2021</b>	<b>185.130</b>	<b>185.130</b>
Revaluations, opening balance 1 July 2020	131.339	143.207
Results for the year	6.574	-11.868
<b>Revaluation 30 June 2021</b>	<b>137.913</b>	<b>131.339</b>
<b>Carrying amount, 30 June 2021</b>	<b>323.043</b>	<b>316.469</b>
<b>Group enterprises:</b>		
	<b>Domicile</b>	<b>Equity interest</b>
Fortuna Seaside Inc.	New York	100 %
Fortuna Seaside Australia Pty. Ltd.	Melbourne	100 %
<b>4. Other receivables</b>		
Cost 1 July 2020	30.514	30.344
Additions during the year	1.902	170
<b>Cost 30 June 2021</b>	<b>32.416</b>	<b>30.514</b>
<b>Carrying amount, 30 June 2021</b>	<b>32.416</b>	<b>30.514</b>
Der specificeres således:		
Deposits	32.416	30.514
	<b>32.416</b>	<b>30.514</b>

## Notes

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All amounts in USD.

	<u>30/6 2021</u>	<u>30/6 2020</u>
<b>5. Voyages in progress</b>		
Sales value of the production of the period	3.098.406	2.111.614
Payments on account received	<u>-2.292.854</u>	<u>-792.251</u>
<b>Voyages in progress, net</b>	<b><u>805.552</u></b>	<b><u>1.319.363</u></b>
The following is recognised:		
Work in progress for the account of others (Current assets)	1.007.652	1.798.400
Work in progress for the account of others (Prepayments received)	<u>-202.100</u>	<u>-479.037</u>
	<b><u>805.552</u></b>	<b><u>1.319.363</u></b>
<b>6. Reserve for net revaluation according to the equity method</b>		
Reserves for net revaluation 1 July 2020	131.339	143.207
Share of results	<u>6.574</u>	<u>-11.868</u>
	<b><u>137.913</u></b>	<b><u>131.339</u></b>
<b>7. Retained earnings</b>		
Retained earnings 1 July 2020	1.935.221	2.222.052
Profit or loss for the year brought forward	<u>2.851.390</u>	<u>-286.831</u>
	<b><u>4.786.611</u></b>	<b><u>1.935.221</u></b>

## 8. Contingencies

### Contingent liabilities

The company's annual rent obligation amounts to USD 67,532.

The company has entered into long-term lease agreements with foreign tonnage. The total liability amounts 30 June 2021 USD to 2,188,550 relating to the financial year 2021/2022.

### 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.

## Notes

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All amounts in USD.

### **8. Contingencies (continued)**

#### **Joint taxation (continued)**

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

## Accounting policies

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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 B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The annual report is presented in American dollars (USD). A USD exchange rate on the balance sheet items of 6,2573 (2020 : 6,6553).

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

### 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.

## Accounting policies

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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.

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

### 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.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

## Accounting policies

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### Net turnover

Revenue comprises 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.

### 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 construction 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 costs

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

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.

## Accounting policies

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### Results from equity investments in group enterprises

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

### 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).

## Statement of financial position

### Property, plant, and equipment

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

## Accounting policies

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Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3 years	20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises 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

#### Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises 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.

## Accounting policies

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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 enterprises with a strong market position and a long-term earnings profile.

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

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

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.

### **Other financial instruments and equity investments**

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

### **Inventories**

Inventories comprise bunker oil kept on board vessels. Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

### **Receivables**

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

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

## **Accounting policies**

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Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

### **Voyages in progress**

Voyages in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Voyages in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

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

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

### **Financial instruments and equity investments**

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

### **Cash on hand and demand deposits**

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

### **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.

## Accounting policies

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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.

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.

## **Accounting policies**

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### **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.