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Pangaea Logistics Solutions Denmark A/S

Tuborg Havnevej 4 - 8, 1., 2900 Hellerup

Company reg. no. 32 08 14 87

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 3 July 2025.

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Carsten Andersen
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instanceUSD 146.940 means the amount of USD 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Pangaea Logistics Solutions Denmark A/S for the financial year 1 January - 31 December 2024.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

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

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

Hellerup, 3 July 2025

Managing Director

Carsten Andersen
CEO

Board of directors

Mads Rosenberg Boye Petersen Chairman	Mark Lewis Filanowski	Gianni Vincenzo Del Signore

Independent auditor's report

To the Shareholder of Pangaea Logistics Solutions Denmark A/S

Opinion

We have audited the financial statements of Pangaea Logistics Solutions Denmark A/S for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2024, and of the results of the Company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for conclusion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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:

Independent auditor's report

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

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

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

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

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

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding consolidated financial information of the entities or business units as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 3 July 2025

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

Martin Bomholtz
State Authorised Public Accountant
mne34117

Emil Odfeldt
State Authorised Public Accountant
mne50608

Company information

The company	Pangaea Logistics Solutions Denmark A/S	
	Tuborg Havnevej 4 - 8, 1.	
	2900 Hellerup	
	Web site	www.pangaeals.com
	Company reg. no.	32 08 14 87
	Established:	13 March 2009
	Domicile:	Gentofte
	Financial year:	1 January 2024 - 31 December 2024
Board of directors	Mads Rosenberg Boye Petersen, Chairman	
	Mark Lewis Filanowski	
	Gianni Vincenzo Del Signore	
Managing Director	Carsten Andersen, CEO	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab	
	Lautrupsgade 11	
	2100 København Ø	
Parent company	Pangaea Logistics Solutions Ltd., Bermuda	

Financial highlights

USD in thousands.	2024	2023	2022	2021	2020
Income statement:					
Revenue	176.227	195.306	366.598	480.910	237.260
Gross profit	1.455	2.557	11.632	13.068	6.211
Profit from operating activities	-1.858	-904	8.687	9.543	3.620
Net financials	1.819	-670	181	61	-16
Net profit or loss for the year	-428	-1.991	8.425	8.999	3.042
Statement of financial position:					
Balance sheet total	46.364	51.793	63.602	76.001	39.193
Equity	22.657	33.085	35.075	27.709	17.838
Employees:					
Average number of full-time employees	14	14	14	15	12
Key figures in %:					
Gross margin ratio	0,8	1,3	3,2	2,7	2,6
Profit margin (EBIT-margin)	-1,1	-0,5	2,4	2,0	1,5
Current ratio	193,3	274,2	221,4	156,5	182,0
Solvency ratio	48,9	63,9	55,1	36,5	45,5
Return on equity	-1,5	-5,8	26,8	39,5	17,1

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

Management´s review

Description of key activities of the company

The Company is engaged in the Ocean transportation and related activities of dry bulk cargoes worldwide through chartering and operation of dry-bulk vessels.

Unusual circumstances

No unusual circumstances have affected the company´s activities during the year.

Development in activities and financial matters

The revenue for the year totals USD 176.227.000 against USD 195.306.000 last year. Income or loss from ordinary activities after tax totals USD -428.000 against USD -1.991.000 last year. The development must be seen in light of the fact that, according to the annual report 2023, the company expected revenues for 2024 in the region of 160.000.000 USD and income from ordinary activities after tax of 3.000.000 USD.

Management considers the net loss for the year unsatisfactory and expect a profit for 2025.

In 2024, the company’s cash and cash equivalents decreased by USD 10.568.000, i.e. from USD 24.129.000 to USD 13.561.000.

Expected developments

The company continues to implement its strategy by continuing its focus on delivering value adding logistical solutions to its clients. The shipping markets are expected to continue to be volatile but the company works actively to deliver premium performance through the chosen strategy.

The company is optimistic about the future in terms of our financial performance. We expect a revenue in the coming years with a goal of roughly USD 160.000.000.

We also anticipate positive development in our EBITA of roughly USD 500.000, as we focus on cost control and efficient resource utilization. Our ongoing investments in fleet will help increase our earnings and create stable and sustainable growth in our economy.

Overall, we are optimistic about our future financial results and look forward to continuing to develop our business and create value for our shareholders and stakeholders.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Branches abroad

The company has established a branch in Singapore that handles the logistics of the Vessels operation in Asia / Pacific.

Management´s review

Financial risks and the use of financial instruments

Operating risks

The Company´s operational risks primarily relate to marine disaster, environmental accidents, cargo and property loss, war, political and regulatory actions. Any of these events could increase our costs or lower our revenues.

Market risks

Traditionally, the shipping market is characterized by high volatility and Management expects the cyclical and volatile nature of the seaborne drybulk transportation industry may lead to decreases in charter and freight rates, which may have an adverse effect on the Company´s revenues, earnings and profitability.

The Company assesses risk associated with fluctuating future freight rates and, when appropriate, hedges identified economic risk with appropriate derivative instruments, specifically forward freight agreements (FFAs). In addition, the company uses a cash-flow hedge to ensure that prices on bunker do not fluctuate above expected amounts.

The current macro-economic environment and geo political tensions both affect the shipping markets and management expect significant volatility and market uncertainty in the short, medium and long term.

Foreign currency risks

The Company´s cash flows are primarily in USD, and therefore the functional currency is USD. On this basis, Management has decided to present the financial statements in USD. The Company is to a minor degree exposed to currency fluctuations in the other currencies.

Credit risks

The Company´s conservative approach to risk mitigation moreover comprises careful selection of contract partners. In times of expected low contribution margins, the assessment of the solvency of the counterparty is of decisive importance and, therefore, the Company´s policy is not to do business with other parties without having thoroughly examined their creditworthiness and payment history in the market and through credit rating agencies.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

Corporate social responsibility is an integral part of the business strategy for Pangaea Logistics Solutions Denmark A/S.

The company wants to act responsibly in relation to customers, employees, business partners and the outside world. Pangaea Logistics Solutions Denmark A/S has no written policies in Denmark but has chosen to refer to its statement on social responsibility on the parent company's website, https://www.pangaeals.com/wp-content/uploads/2025/06/Pangaea-ESG-report-2024.pdf

Human rights

Pangaea Logistics Solutions Denmark A/S has no written policies in Denmark but follows the group's principles on Human Rights. Pangaea Logistics Solutions Denmark A/S has chosen to refer to the parent company's website https://www.pangaeals.com/wp-content/uploads/2018/07/Human-Rights-Responsibility-1.pdf

Management´s review

Fighting corruption and bribery

Pangaea Logistics Solutions Denmark A/S follows the group's principles against corruption and bribery. All international business partners are expected to follow this. Pangaea Logistics Solutions Denmark A/S has chosen to refer to its statement on Anti Corruption and Bribery on the parent company's website https://www.pangaeals.com/wp-content/uploads/2018/07/Anti-Corruption-Policy.pdf.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

Pangaea Logistics Solutions Denmark has evaluated if it is relevant to prepare a policy for data ethics. Considering that the company does not deal with personal data for commercial purpose and therefore are limited in the data collection and processing, the company has decided not to prepare a data ethics policy.

Income statement 1 January - 31 December

USD thousand.

Note		2024	2023
1	Revenue	176.227	195.306
	Other operating income	100	0
2	Costs of raw materials and consumables	-172.650	-190.099
	Other external expenses	-2.222	-2.650
	Gross profit	**1.455**	**2.557**
3	Staff costs	-3.313	-3.461
	Operating profit	**-1.858**	**-904**
	Income from investments in group enterprises	43	50
	Other financial income	1.787	687
4	Other financial expenses	-11	-1.407
	Pre-tax net profit or loss	**-39**	**-1.574**
5	Tax on net profit or loss for the year	-389	-417
6	**Net profit or loss for the year**	**-428**	**-1.991**

Balance sheet at 31 December

USD thousand.

Note	Assets	2024	2023
	Non-current assets		
8	Investments in group enterprises	460	417
9	Deposits	89	88
	Total investments	549	505
	Total non-current assets	**549**	**505**
	Current assets		
10	Raw materials and consumables	8.617	1.778
	Manufactured goods and trade goods	3.114	80
	Prepayments for goods	13	46
	Total inventories	11.744	1.904
	Trade receivables	12.659	17.918
11	Contract work in progress	5.058	1.276
	Other receivables	20	367
12	Prepayments	2.772	5.694
	Total receivables	20.509	25.255
	Cash and cash equivalents	13.562	24.129
	Total current assets	**45.815**	**51.288**
	Total assets	**46.364**	**51.793**

Balance sheet at 31 December

USD thousand.

Note	Equity and liabilities	2024	2023
	Equity		
13	Contributed capital	4.089	4.089
	Reserves for net revaluation as per the equity method	433	390
	Results brought forward	18.135	18.606
	Proposed dividend for the financial year	0	10.000
	Total equity	**22.657**	**33.085**
	Liabilities other than provisions		
11	Prepayments received from customers concerning work in progress for the account of others	3.909	7.410
	Trade creditors	11.205	1.031
	Payables to group enterprises	3.927	4.959
	Income tax payable	0	236
	Other payables	1.590	2.046
14	Deferred income	3.076	3.026
	Total short term liabilities other than provisions	23.707	18.708
	Total liabilities other than provisions	**23.707**	**18.708**
	Total equity and liabilities	**46.364**	**51.793**

7 Fees for auditor

15 Contingencies

16 Related parties

Statement of changes in equity

USD thousand.

	Contributed capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2024	4.089	390	18.606	10.000	33.085
Distributed dividend	0	0	0	-10.000	-10.000
Share of results	0	43	-471	0	-428
	4.089	**433**	**18.135**	**0**	**22.657**

Notes

USD thousand.

		2024	2023
1.	**Revenue**		
	Voyages	156.955	185.284
	Charters	18.685	9.420
	Other operating income	587	602
		176.227	**195.306**

Information is not provided by geographical segment as the global market is one unit, and the activities of the individual vessels are not limited to specific parts of the world.

		2024	2023
2.	**Costs of raw materials and consumables**		
	Vessel operating expenses	89.896	101.093
	Charters expenses	78.423	84.401
	Commission and bonuses from suppliers	4.331	4.605
		172.650	**190.099**
3.	**Staff costs**		
	Salaries and wages	3.236	3.393
	Pension costs	72	63
	Other costs for social security	5	5
		3.313	**3.461**
	Average number of employees	14	14

Staff costs include remuneration to the Executive Board and the Board of Directors with t.USD 2.300 thousand (2023: t.USD 2.200). The remuneration of the Board of Directors is remunerated by the parent company Pangaea Logistics Solutions Ltd.

		2024	2023
4.	**Other financial expenses**		
	Other financial expenses	11	50
	Market value adjustment, securities that are current assets	0	1.357
		11	**1.407**

Notes

USD thousand.

		2024	2023
5.	**Tax on net profit or loss for the year**		
	Tax of the results for the year	380	482
	Adjustment of tax for previous years	9	-67
	Other taxes	0	2
		389	**417**
6.	**Proposed distribution of net profit**		
	Reserves for net revaluation according to the equity method	43	50
	Dividend for the financial year	0	10.000
	Allocated from retained earnings	-471	-12.041
	Total allocations and transfers	**-428**	**-1.991**
7.	**Fees for auditor**		
	Total fee for Grant Thornton, Certified Public Accountants	70	135
	Fees for auditors performing statutory audit	70	70
	Tax consultancy	0	25
	Other services	0	40
		70	**135**

Notes

USD thousand.

		31/12 2024	31/12 2023
8.	**Investments in group enterprises**		
	Acquisition sum, opening balance opening balance	27	27
	Cost end of period	**27**	**27**
	Revaluations, opening balance opening balance	390	340
	Results for the year before goodwill amortisation	43	50
	Revaluations end of period	**433**	**390**
	Carrying amount, end of period	**460**	**417**

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

USD in thousands	**Equity interest**	**Equity**	**Results for the year**	**Carrying amount, Pangaea Logistics Solutions Denmark A/S**
Pangaea Logistics Solutions Singapore Pte. Ltd., Singapore	100 %	460	43	460
		460	**43**	**460**

		31/12 2024	31/12 2023
9.	**Deposits**		
	Cost opening balance	88	80
	Additions during the year	1	8
	Cost end of period	**89**	**88**
	Carrying amount, end of period	**89**	**88**

Notes

USD thousand.

		31/12 2024	31/12 2023
10.	**Raw materials and consumables**		
	Raw materials and consumables	8.617	1.778
		8.617	**1.778**

Inventory of raw materials and consumables (bunker oil) is measured at cost on basis of the FIFO method. As per 31/12 2024, the net realisable value of the inventory bunker oil is 1.211 USD higher than the cost amount. As per 31/12 2023 the net realisable value was 362 t.USD lower than the cost amount.

EUA is measured at cost. As per 31/12 2024 the net realisable value of EUA is 248 t.USD higher.

		31/12 2024	31/12 2023
11.	**Contract work in progress**		
	Sales value of the production of the period	5.058	1.276
	Progress billings	-3.909	-7.410
	Contract work in progress, net	**1.149**	**-6.134**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	5.058	1.276
	Work in progress for the account of others (Prepayments received)	-3.909	-7.410
		1.149	**-6.134**

12. Prepayments

Prepayments include payments made in advance for hiring vessels on time charter fixtures.

		31/12 2024	31/12 2023
13.	**Contributed capital**		
	Contributed capital opening balance	4.089	4.089
		4.089	**4.089**

The share capital consists of 4.089.337 shares of a nominal value of USD 1. No shares carry any special rights. There have been no changes in share capital after 2015.

		31/12 2024	31/12 2023
14.	**Deferred income**		
	Prepayments/deferred income	3.076	3.026
		3.076	**3.026**

Notes

USD thousand.

15. Contingencies

Contingent liabilities

Lease liabilities

Contractual obligations relating to agreements for chartering of vessels on a fixed-price time charter that expire in the coming financial year amount to t.USD 22.265 (2023: t.USD 22.326).
The company also have a rent obligation towards there premises which amounts to t.USD 205 and is irrevocable until 31st of December 2025.

Pangaea Logistics Solutions Denmark A/S is a party to an arbitration case. It is the management's opinion that the outcome of these lawsuits will not further affect the company's financial position beyond the receivables and liabilities recognized in the balance sheet as of 31 December 2024.

16. Related parties

Controlling interest

Pangaca Logistics Solutions Ltd., Bermuda	Ultimate parent

Transactions

The company has the following related party transactions:

	2024	2023
Accounts receivables from related parties	965	36
Accounts payable from related parties	-3.932	-5.191
Revenue	587	602
Raw materials and consumables used	11.582	8.000

Consolidated financial statements

The company is included in the consolidated annual accounts of Pangaea Logistics Solutions, Ltd - c/o Pangaea Logistics Solutions Headquarters, 109 Long Wharf Newport, RI, 109 Long Wharf, Newport, RI.

Accounting policies

The annual report for Pangaea Logistics Solutions Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

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

No consolidated financial statements have been prepared pursuant to section 112 (2) of the Danish Financial Statements Act. The financial statements of Pangaea Logistics Solutions Denmark A/S and its group enterprises are included in the consolidated financial statements for Pangaea Logistics Solutions Ltd., Bermuda, reg. no. 98-1205464.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Pangaea Logistics Solutions Ltd.

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, write-downs 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

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.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value.

Changes in the fair value of derived financial instruments classified as hedging and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Fair value hierarchy

The company applies the concept of fair value when recognising the value of financial instruments. Fair value is defined as the amount at which an asset or a liability could be exchanged in an arm’s length transaction between knowledgeable, willing parties. Measurement at fair value is based on a primary market. Four levels in the fair value hierarchy are used to calculate this value:

1. Calculation based on fair value in a similar market
2. Calculation according to accepted valuation methods on the basis of observable market information
3. Calculation based on accepted valuation methods and reasonable estimates.
4. Measured at cost

Accounting policies

Income statement

Revenue

Revenue is recognized in the income statement when:

- The income-generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, charter hire and demurrage revenues from the vessels and gains and losses on forward freight agreements designated as hedges. Revenue is recognized when it meets the general criteria mentioned above, and when the stage of completion can be measured reliably. Accordingly, freight, charter hire and demurrage revenue are recognized at selling price upon delivery of the service as per the charter parties concluded.
IAS 18 is used for interpretation of revenue.

Voyages in progress at the balance sheet day is measured based on the percentage of completion method. Number of days of a voyage, as a percentage of the total number of days a voyage is estimated to last, is considered as a close approximation of percentage of completion. The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the next discharge (load to discharge). Demurrage is recognized if the claim is considered probable.

Raw materials and consumables used

Raw materials and consumables comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external expenses

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Results from investments in group enterprises

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

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.

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´s current tax is paid according to the regulations of the Danish Tonnage Tax Act.

Statement of financial position

Investments

Investments in group enterprises

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

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.

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.

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

Accounting policies

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 an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises 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.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

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. write-down 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.

Inventories

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

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Accounting policies

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

EUA are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Receivables

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

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.

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.

Contract work in progress

Voyages in progress at the balance sheet day is measured based on the percentage of completion method. Number of days of a voyage, as a percentage of the total number of days a voyage is estimated to last, is considered as a close approximation of percentage of completion. The voyage begins on the date when the cargo is loaded, and the voyage ends at the date of the next discharge (load to discharge). Demurrage is recognized if the claim is considered probable.

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.

Prepayments

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

Cash and cash equivalents

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

Accounting policies

Equity

Reserve for net revaluation according to the equity method

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

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

The reserve cannot be recognised by a negative amount.

Dividend

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

Income tax and deferred tax

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

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Deferred income

Payments received concerning future income are recognised under deferred income.

Segmental statement

Information on activity markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

Assets in the segment comprise the assets used directly in the segment's revenue-generating activity.

Segment liabilities comprise liabilities derived from the segment's operations, including accounts payable and other liabilities.

"By my signature I confirm all dates and content in this document."

Carsten Andersen
Direktør og dirigent
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