ANNUAL REPORT 2020

MOL CHEMICAL TANKERS EUROPE A/S

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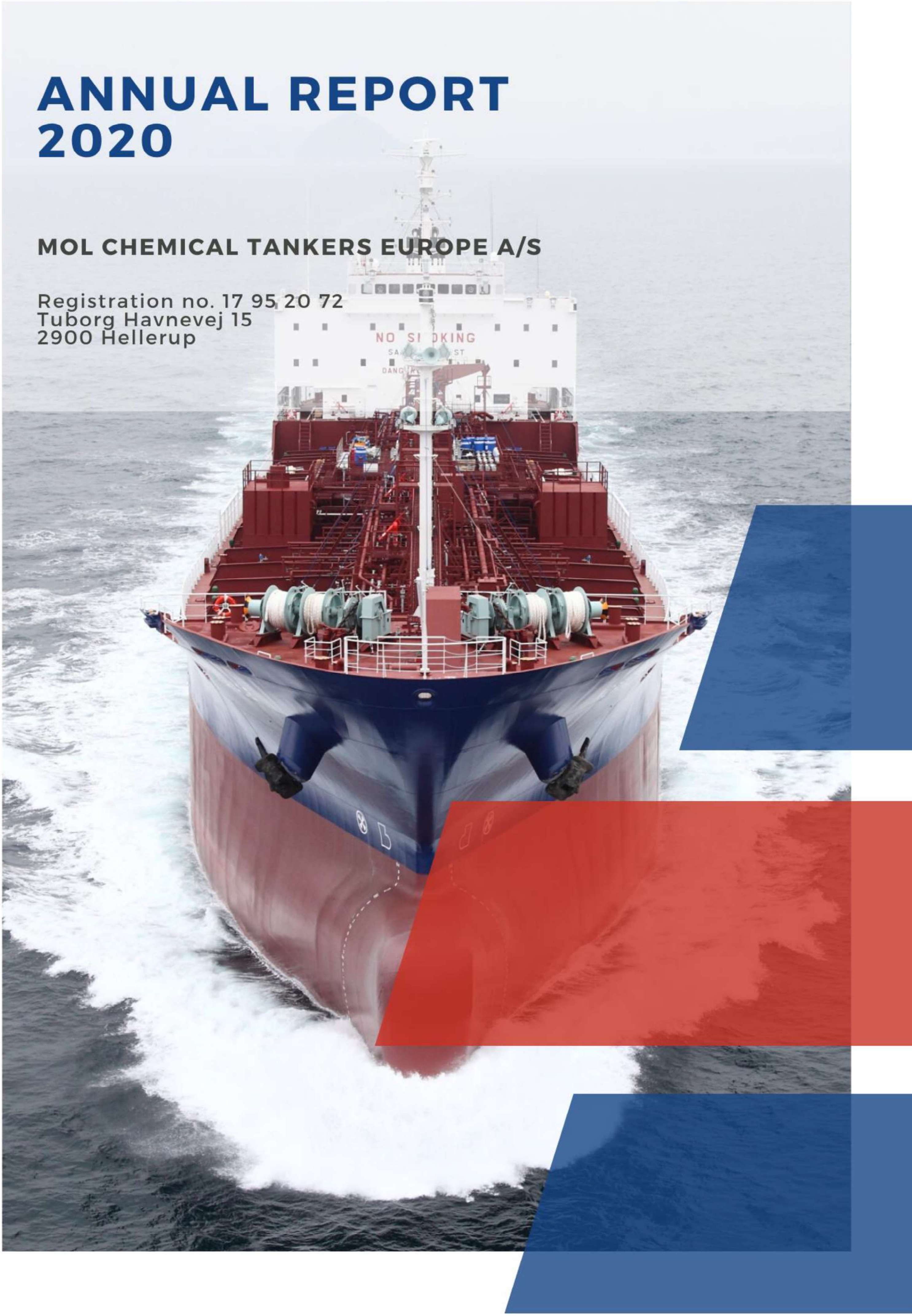

Contents

Key figures

USD '000	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	103.440	175.843	136.696	116.751	111.439
Time charter equivalent earnings (TCE)	54.227	91.300	71.591	70.272	73.410
Operating profit bef. depreciations etc. (EBITDA)	18.120	15.449	1.273	5.835	14.104
Depreciations, write-downs and gains/losses	11.113	19.985	8.030	8.814	5.999
Operating profit (EBIT)	7.008	-4.537	-6.757	-3.027	8.138
Net financials	-1.984	-7.964	-3.639	-3.313	-5.116
Result for the year	5.080	-12.457	-10.494	-6.477	3.043
BALANCE SHEET					
Non-current assets	1.775	116.125	105.936	113.363	118.900
Total assets	6.702	150.814	133.242	138.497	161.731
Equity	2.592	13.509	58.511	61.434	67.915
Invested capital	452	125.730	113.078	118.743	122.574
Net working capital	-1.310	9.605	7.142	5.380	3.673
Investments in tangible assets	7	35	756	295	27.754
Net interest-bearing debt	-3.944	-4.816	54.567	57.309	65.487
Cash and securities	3.944	6.816	10.412	11.689	16.976
CASH FLOW					
Cash flow from operating activities	26.998	5.827	-3.508	134	8.817
Cash flow from investing activities	-7	100.008	-721	7.238	-27.803
Cash flow from financing activites	-29.839	-109.401	3.222	-12.838	16.367
Cash flow of the year	-2.848	-3.566	-1.007	-5.466	-2.619
EMPLOYEES					
Seafarers	20	160	176	186	188
Land based employees	57	65	72	104	143
FINANCIAL AND ACCOUNTING RATIOS					
TCE margin (%)	52,4%	51,9%	52,4%	60,2%	65,9%
EBITDA margin (%)	17,5%	8,8%	0,9%	5,0%	12,7%
EBIT margin (%)	6,8%	-2,6%	-4,9%	-2,6%	7,3%
Return on Invested Capital (%)	11,1%	-3,8%	-5,8%	-2,5%	5,9%
Return on Equity (%)	63,1%	-34,6%	-17,5%	-10,0%	4,5%
Equity ratio	38,7%	9,0%	43,9%	44,4%	42,0%
OTHER					
Total number of vessel days for the Group	3.572	6.427	5.123	4.915	4.444
USD/EUR rate at year-end	0,81	0,89	0,87	0,83	0,95
Average USD/EUR rate	0,88	0,89	0,85	0,89	0,90
USD/DKK rate at year-end	6,06	6,68	6,52	6,21	7,05
Average USD/DKK rate	6,53	6,67	6,32	6,60	6,73

Management review

MOL Chemical Tankers Europe

MOL Chemical Tankers Europe is a subsidiary of MOL Chemical Tankers Pte. Ltd., Singapore, which is the chemical tanker division of the Japan-based shipping company Mitsui OSK Lines (MOL). MOL is listed on the Tokyo Stock Exchange (TYO: 9104).

The Company's business consists of conducting shipping activities supporting its parent company's strategy, with focus on trans-Atlantic and intra-Americas trade lanes. Furthermore, the Company has investments in subsidiaries which are engaged in shipping activities.

Management

Board of Directors

The Board of Directors at MOL Chemical Tankers Europe A/S consists of five members with extensive experience within shipping and management. The board has a reasonable size, composition, diversity plus the competences necessary to ensure that the Board of Directors at any given time is qualified to attend to the managerial tasks as the upper management body of the Group.

Executive Management

Annette Hasenberg is the CEO of MOL Chemical Tankers Europe A/S. She has more than 10 years of experience from the shipping industry. She joined MOL Chemical Tankers Europe in 2010 and became a part of the Executive Management in 2015. Annette Hasenberg is also member of the Board of Directors of MOL Chemical Tankers Europe A/S.

Key developments in 2020

As of 1st May 2020, announcement was made that activities of the Company will be carried out under one united brand 'MOL Chemical Tankers'. On that occasion, MOL Nordic Tankers Trading A/S, which had merged with MOL Nordic Tankers A/S with effect on 1st January 2020, changed name to MOL Chemical Tankers Europe A/S.

In the course of 2020, MOL Chemical Tankers Europe focused on developing its commercial platform in cooperation with the other units of the MOL Chemical Tankers Group. With its strong historical presence in the Trans-Atlantic and Inter-Americas trade lanes, MOL Chemical Tankers Europe and its overseas subsidiaries have increased the global footprint of MOL Chemical Tankers. Furthermore, at fleet operations level, MOL Chemical Tankers Europe focused on unleashing synergies with the rest of the MOL Chemical Tankers Group.

On 29 May 2020, MOL Chemical Tankers Europe A/S announced that it had successfully completed the full integration of its operations with MOL Chemical Tankers Pte. Ltd. by way of the novation of all Contracts of Affreightments and Time Charter Parties. The decision to carry out the full integration was taken in 2019 and implementation started in the fourth quarter of 2019. The last time-chartered vessel was effectively handed over to MOL Chemical Tankers Pte. Ltd. early July 2020.

The consequence for MOL Chemical Tankers Europe of the completion of the full integration was that revenues derived from shipping activities (freights, demurrages) were generated from activities in the first semester of 2020 only. Post full integration, revenues are solely composed of service fees under a Service Agreement entered between MOL Chemical Tankers Pte. Ltd. and MOL Chemical Tankers Europe A/S. Hence, post full integration, all commercial contracts are entered in the name of MOL Chemical Tankers Pte. Ltd. and MOL Chemical Tankers Europe A/S acts as agent for its parent company.

The financial performance of MOL Chemical Tankers Europe was exposed to shipping markets in the first half year of 2020. This period was marked by an increased volatility in freight rates as the result of the COVID-19 pandemic. In particular, the sharp drop in oil prices in March 2020 lead to a contango, whose effect on the global tanker market was that a significant part of the world fleet of crude and product tankers was used as floating storage. By taking out supply from the market, freight rates on the chemical tankers segment increased. Furthermore, the noticeable decrease in fuel prices reduced voyage costs on the vessels operated by MOL Chemical Tankers Europe until full integration with its parent.

Until the completion of full integration, MOL Chemical Tankers Europe operated a fleet of 23 chemical tankers in the segment 14,700 dwt to 26,000 dwt.

MOL Chemical Tankers Europe continued to harvest the fruits of a focus on unleashing efficiencies in its operations. This was particularly visible on administrative expenses, which were reduced by 20% compared to 2019 (adjusted for extraordinary items).

Subsequent events

No events have occurred from the balance sheet date to this date, which would influence the evaluation of this annual report.

Financial highlights of the Group in 2020

Comparative figures for 2019 are displayed in parentheses.

The Group reported a net result of USD 5 million for 2020 (USD -12 million) and a pre-tax profit of USD 5 million (USD -13 million).

The net result is above expectations and the deviation is due to the capacity of the Group to seize opportunities emerging out of favorable market conditions in first half year 2020 and in particular resulting from plummeting oil prices in the first quarter.

The revenue amounted to USD 103 million (USD 176 million), which is caused by the transfer of commercial activities to MOL Chemical Tankers Pte Ltd.

As per 31 December 2020, the Group's equity amounted to USD 3 million (USD 14 million). In September and December 2020, two share capital reductions of respectively USD 10 million and USD 6 million were implemented.

Time charter equivalent earnings (TCE)

TCE amounted to USD 54 million (USD 91 million). The decrease in TCE income was driven by fewer on-hire days resulting from the full integration of the commercial activities of the Group in its parent company in May 2020.

Other operating income

Other operating income includes management fees from third party vessels in a pool and was significantly reduced by the decision to close the pool in 2019.

Operating expenses and charter hire

Total operating expenses amounted to USD 1 million (USD 16 million), as the company had only one owned vessel (bareboat) left until full integration. Time charter expenses amounted to USD 32 million (USD 46 million) as the fleet of time chartered vessels was transferred to MOL Chemical Tankers Pte. Ltd. as part of the full integration process.

Administrative expenses

Administrative expenses amounted USD 10 million (USD 15 million). The reasons for the sharp decrease are twofold: Firstly, the Company showed mindfulness in controlling its administrative expenses and the COVID19 pandemic led to much lower travel expenses. Secondly, the previous year was marked by sizeable extraordinary expenses in connection with reorganization of MOL Chemical Tankers Europe.

Depreciation, write-downs and gains/losses

Depreciation on the Group assets amounted to USD 12 million (USD 20 million).

The effect of IFRS 16 on depreciations amounted to USD 12 million (USD 14 million).

Financial income and expenses

Net financial earnings amounted to USD -2 million (USD -8 million), mainly consisting of interest expenses on leases treated according to IFRS 16.

Assets, equity and liabilities

As per 31 December 2020, the Group's total assets amounted to USD 7 million (USD 151 million), resulting from the transfer of the leased fleet to MOL Chemical Tankers Pte. Ltd.. Non-current assets (predominantly lease assets) was USD 2 million (USD 116 million), consisting of offices leases treated according to IFRS 16. Cash decreased to USD 4 million (USD 7 million), primarily driven capital reductions during the year.

The Group's equity amounted to USD 3 million (USD 14 million), as the result of two share capital decreases carried out during the year and totaling USD 16 million. Total liabilities amounted to USD 4 million (USD 137 million). The decrease was primarily due to transfer of lease liabilities under IFRS 16 to MOL Chemical Tankers Pte. Ltd.

At year-end 2020, equity ratio reached 38,8% (9,0%). The increase is mainly due to transfer of IFRS 16 assets to MOL Chemical Tankers Pte. Ltd. as well as favorable market conditions following the oil price crash in March, resulting in high earnings to transferrable to the equity partly offset by capital reductions of USD 16 million.

Cash flow

Cash flow for the year was USD -3 million (USD -4 million), bringing down the cash balance at year-end to USD 4 million (USD 7 million).

Cash flow from operations amounted to USD 27 million (USD 6 million). The increase is mainly due to the improved market during the first half of the year as well as reduction in working capital.

Cash flow from investing activities amounted to USD 0 million (USD 100 million) due to a halt in investing activities in 2020.

Cash flow from financing activities amounted to USD -29.8 million (USD -109.4 million), mainly due to capital reductions of USD 16 million.

Outlook for 2021

In 2021, MOL Chemical Tankers Europe A/S will solely operate under the Service Agreement entered with its parent company. As this Agreement is based on a cost-plus structure, the Company expects to generate a profit in 2021.

Risk Management

Being a global player in the chemical tanker segment until its full integration into MOL Chemical Tankers Pte. Ltd. in 2020, MOL Chemical Tankers Europe was exposed to a variety of risks. After full integration, the Company is exposed to limited risks.

Until full integration, the Group pursued a finance policy that operated with a low risk profile, ensuring the foreign exchange, interest and credit risks arise only on the basis of commercial factors.

The Management continuously monitored the potential risks considered to have the most significant effect on the Group's financial position and business performance. Measures deemed relevant to limit the Group's sensitivity to such risks were evaluated on an on-going basis. Risks and measures were reviewed at least annually with the Board of Directors.

Financial risks

Financing and Liquidity

Access to liquidity was an important factor in the execution of the strategy of the Group. However, in connection with the full integration, all commercial activities (including the sourcing of tonnage) were transferred to the parent company. All revenues originate now from the parent company, as monthly service fees under a Service Agreement.

Cash flow developments are monitored closely, to the annual budget and to the obligations of the Group.

At year-end 2020, the Group had no loan outstandings with financial institutions.

In 2020, MOL Chemical Tankers Europe A/S carried out two decreases in share capital that led to the payments of dividends totaling USD 16 million.

In 2021, MOL Chemical Tankers Europe expects to have sufficient liquidity for meeting its payment obligations for conducting the normal course of its operations.

Interest rates

MOL Chemical Tankers Europe's net interest bearing debt amounted to USD -4 million (USD -5 million) as per 31 December 2020. Mainly due to cash holdings, as the Company does not have any outstanding interest bearing debt. It is not expected that the Company will raise new interest bearing debt in 2021.

Foreign exchange risks

Most of the revenues earned by MOL Chemical Tankers Europe are in the reporting currency USD while a portion of the operating expenses as well as administrative expenses are incurred in other currencies, primarily in EUR and DKK.

In 2020, a 1% weakening of the USD versus EUR and DKK had an effect of USD -0.05 million (-0.1 million) on profit and equity.

Credit risk

It is Group policy to cooperate with recognized pool partners and only grant credit to major oil and chemical companies and other first class customers in order to minimize credit risks. As such, until completion of full integration in 2020, the Group's credit risk related to receivables from these first-class customers and from pool arrangements contracted with recognized business partners. The credit risk was deemed to be minimal and consequently receivables are not hedged. The Group's maximum credit risk associated with receivables corresponds to their carrying amounts.

For smaller customers and newer customers, it was Group policy to perform a credit assessment based on credit reports retrieved out of the database of one of the world's largest vendors and in accordance with prevailing guidelines of the MOL Chemical Tanker Group. As from full integration, commercial contracts are entered in the name of MOL Chemical Tankers Pte. Ltd. (Singapore) and that task is performed at parent company level.

In 2020, MOL Chemical Tankers Europe did not suffer any significant losses from defaulting customers.

Price risks

Freight rates

Until completion of full integration in 2020, MOL Chemical Tankers Europe' revenues were exclusively generated from activities in the oil and chemical tankers industry. The oil and chemical tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes and ship values.

Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the large variety of products that we carry.

MOL Chemical Tankers Europe mitigated the risk of fluctuation in freight rates by managing the mix between contracts of affreightment and spot market business. Contracts tend to reduce volatility in freight rates. Spot market business, on the other hand, provide flexibility but exacerbate the impact of a downturn in the market. In general, MOL Chemical Tankers Europe has historically maintained a relatively high percentage of contract business.

Bunkers

Bunker fuel constitute the major cost component affecting time charter equivalent earnings (TCE), and decreasing prices have had a material impact on MOL Chemical Tankers Europe' results until completion of full integration in 2020.

The Group is striving to reduce the impact of bunker price fluctuations by passing bunker fuel costs on to customers. Hence, in 2020 (until full integration) approximately half of freight earnings were derived from contracts of affreightment, the large majority of which include a bunker price clause that indexes freight rates with bunker prices.

Other risks

Until completion of full integration in 2020, the Group aimed at minimizing its exposure to accidents on the vessels, pollution, damages to hull and machinery etc. by investing in modern vessels, managing the maintenance of the vessels as well as continuing education of its staff.

Furthermore, risks in connection with the operation of the vessels, transport of cargo, personal injuries, environmental damages and war were covered by insurances in internationally recognized insurance companies. The Group aims at minimizing its exposure by using multiple insurance companies.

The Group has established duplication of business critical IT systems and contingency plans in case of break-downs. Back-up of data is made at an external IT environment outside the Group's offices.

Consolidated financial statements

Page

Consolidated income statement

1 January - 31 December

USD '000	Note	2020	2019
Revenue	3	103.440	175.843
Voyage related expenses		-42.292	-84.543
Gross profit		**61.148**	**91.300**
Other operating income		26	796
Charter hire		-31.684	-45.806
Operating expenses		-1.011	-15.940
Administrative expenses	4, 5	-10.359	-14.901
Operating profit before depreciation etc. (EBITDA)		**18.120**	**15.449**
Depreciation		-12.134	-19.555
Gains/losses from sale/disposal of fixed assets etc.		1.021	-430
Share of results of associated companies and joint ventures		1	-1
Operating profit (EBIT)		**7.008**	**-4.537**
Financial income	6	464	398
Financial expenses	7	-2.448	-8.362
Result before tax		**5.024**	**-12.501**
Tax	8	56	44
Net result		**5.080**	**-12.457**

Consolidated balance sheet

at 31 December

USD '000	Note	2020	2019
ASSETS			
Software	9	-	-
Intangible assets		**-**	**-**
Property, plant and equipment	10	13	16
Tangible assets		**13**	**16**
Chartered vessels	11	-	114.732
Leased office facilities	11	1.762	1.377
Lease assets		**1.762**	**116.109**
Non-current assets		**1.775**	**116.125**
Inventories		-	6.623
Trade receivables		250	11.891
Other receivables	12	684	4.784
Prepayments	13	49	4.575
Cash and cash equivalents		3.944	6.816
Current assets		**4.927**	**34.689**
Assets		**6.702**	**150.814**

Consolidated balance sheet

at 31 December

USD '000	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	14	1.712	1.375
Retained earnings		880	12.134
Equity		**2.592**	**13.509**
Lease liabilities	15	1.171	90.055
Other non-current liabilities		-	147
Non-current liabilities		**1.171**	**90.202**
Lease liabilities	15	646	26.835
Trade payables	16	548	16.068
Payables to group companies		-	2.000
Tax liabilities		20	3
Other payables		1.725	2.197
Current liabilities		**2.939**	**47.103**
Liabilities		**4.110**	**137.305**
Equity and liabilities		**6.702**	**150.814**

Significant accounting policies and changes to accounting policies	1
Significant accounting estimates, assumptions and uncertainties	2
Lease liabilities and other contractual obligations	18
Unrecognized contingent assets and liabilities	19
Related party disclosures and transactions with related parties	20
Companies in the Group	21
Subsequent events	22
Accounting policies	23

Consolidated statement of changes in equity

1 January - 31 December

USD '000	Share capital	Retained earnings	Total
2020			
Equity at 1 January 2020	**1.375**	**12.134**	**13.509**
Net result	-	5.080	5.080
Foreign exchange differences on translation of foreign operations	-	3	3
Restructurings during the year	-1.263	1.263	-
Issue of share capital during the year	17.600	-17.600	-
Capital reductions during the year	-16.000	-	-16.000
Total change in equity	**337**	**-11.254**	**-10.917**
Equity at 31 December 2020	**1.712**	**880**	**2.592**
2019			
Equity at 1 January 2019	**1.222**	**57.289**	**58.511**
Net result	-	-12.457	-12.457
Foreign exchange differences on translation of foreign operations	-	-1	-1
Issue of share capital during the year	153	7.648	7.801
Capital reductions during the year	-	-40.345	-40.345
Total change in equity	**153**	**-45.155**	**-45.002**
Equity at 31 December 2019	**1.375**	**12.134**	**13.509**

Consolidated statement of cash flow

1 January - 31 December

USD '000	Note	2020	2019
Operating profit (EBIT)		7.008	-4.537
Reversal of depreciations		12.134	19.555
Reversal of gains/losses from sale of fixed assets		-1.021	430
Reversal of share of results of associated companies and joint ventures		-1	1
Reversal of other non-cash items		-290	-111
Change in working capital excl. accrued interest and tax assets/liabilities	17	11.029	-2.216
Interest income etc. received		7	154
Interest expenses on loans etc. paid		39	-3.346
Interest expenses on lease liabilities paid		-1.907	-4.102
Tax paid		-	-1
Cash flow from operating activities		**26.998**	**5.827**
Investments in tangible assets	10	-7	-35
Proceeds from the sale of tangible assets		-	100.000
Proceeds from the sale of financial assets		-	43
Cash flow from investing activities		**-7**	**100.008**
Proceeds from issue of share capital		-	2.200
Capital reductions		-16.000	-40.345
Proceeds from borrowing		1.250	7.000
Installments on loans		-3.258	-64.958
Installments on lease liabilities		-11.831	-13.298
Cash flow from financing activities		**-29.839**	**-109.401**
Net cash flow		**-2.848**	**-3.566**
Cash and cash equivalents at beginning of the year		6.816	10.412
Exchange rate adjustments		-24	-30
Net cash flow		-2.848	-3.566
Cash and cash equivalents at end of the year		**3.944**	**6.816**

Notes to the consolidated financial statements

Note 1. Significant accounting policies and changes to accounting policies

The annual report for the period 1 January - 31 December 2020 with comparative figures comprises the consolidated financial statements of MOL Chemical Tankers Europe A/S and its subsidiaries (the "Group").

The consolidated financial statements of the Group for 2020 have been prepared in accordance with the requirements in the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies have been changed from the previous year, which was prepared in accordance with the International Financial Reporting Standards (IFRS). However, policies relating to recognition and measurement are unchanged. IFRS 15 (on revenue from contracts with customers) has been used for interpretation of the requirements in the Danish Financial Statements Act regarding recognition and measurement of revenue. IFRS 16 (on leases) has been used for interpretation of the requirements in the Danish Financial Statements Act regarding recognition and measurement of leases.

The consolidated financial statements are presented in United States Dollars (USD), which is the presentation currency of the Group activities and the functional currency of the parent company.

The consolidated financial statements are presented on the basis of historical cost prices.

Note 2. Significant accounting estimates, assumptions and uncertainties

In applying the Group's accounting policies described in note 1 and note 23, management is required to make estimates, as well as assumptions for the carrying amount of assets and liabilities that cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the accounting period in which the change takes place and in future accounting periods if the change affects both the period during which the change takes place and subsequent accounting periods.

Significant accounting estimates associated with accounting policies

In connection with the application of the accounting policies described in note 32, the management has made the following accounting assessments, with a significant effect on the amounts recognized:

- Voyage revenues and costs
- Measurement of tangible assets, lease assets and contracts
- Taxation

Voyage revenues and costs

Voyage revenues and costs are recognized in accordance with the percentage of completion method with operating revenues and expenses recognized for each voyage. This recognition is based on estimated voyage revenues and costs that are reviewed and updated at each period end.

Measurements of tangible assets, lease assets and contracts

The Group evaluates the carrying amount of vessels, lease assets and other net assets to determine whether events have occurred that would indicate the potential for an adjustment to the recognized value of the net assets. The evaluation also includes time charter and bareboat contracts which have not been capitalized in order to establish whether a provision for onerous contracts is needed. The impairment tests are based on a discounted future cash flow model, which is compared to the carrying amount of the assets within the cash generating units. The impairment tests are prepared based on assumptions including future freight rates, earnings from vessels and management activities as well as discount rates. All of these factors have been historically volatile.

In addition to the discounted cash flow model, external valuations of the vessels are retrieved from one or more ship brokers.

Taxation

The Group operates mainly in Denmark where the Danish subsidiary has entered the Danish tonnage tax regime for a binding 10-year period from 2017, ending on 31 December 2026.

The tax rules are complicated when a company's activities is partly covered by the tonnage tax regime and partly by regular taxation. In calculating the taxable income, estimates are made which in later assessment by the Danish tax authorities may result in correction to previous estimates of recognized tax assets and liabilities in the statement of financial position.

After full integration the Group will only have income under the Danish tonnage tax regime related to settlement of outstanding balances. All other activities will be held under regular corporate income tax.

Note 3. Revenue

USD '000	**2020**	**2019**
Freight revenue	84.238	108.096
Pool revenue	99	58.068
Other voyage related revenue	12.182	9.679
Voyage related revenue	**96.519**	**175.843**
Management fees	6.921	-
Revenue	**103.440**	**175.843**

Note 4. Staff costs

USD '000	**2020**	**2019**
Land based employees (included in administrative expenses)		
Wages and salaries	6.861	8.695
Pensions, defined contribution plans	639	711
Other social security costs	50	69
Other staff costs	184	77
	7.734	**9.552**
Seafarers (included in operating expenses)		
Wages and salaries	601	7.124
Pensions, defined contribution plans	1	17
Other social security costs	1	8
	603	**7.149**
Total staff costs	**8.337**	**16.701**

Average employees	**2020**	**2019**
Land based employees	57	65
Seafarers	20	160
	77	**225**

Amounts and numbers related to seafarers only include vessels that are either owned or chartered on bareboat charter agreements. Seafarers on vessels chartered on time charter agreements are not included.

USD '000	**2020**	**2019**
Board of Directors		
Remuneration to the Board of Directors	-	17
CEO and key management personnel		
Salaries	-	702
Pensions, defined contribution plans	-	40
Other social security costs	-	1
Severance payments	-	1.840
Total remuneration	**-**	**2.600**

Persons in the Board of Directors and key management	**2020**	**2019**
Board of Directors	5	5
CEO and key management personnel	2	2
	7	**7**

During 2020 integration of MOL Chemical Tankers Europe A/S with MOL Chemical Tankers Pte. Ltd., Annette B. Hasenberg took over the role as Chief Executive Officer from Tsuneo Watanabe san. As Tsuneo Watanabe san was not remunerated by MOL Chemical Tankers Europe A/S, the number of persons considered CEO and key management personnel was effectively one person. Therefore salary and other remunerations have been excluded in the 2020 figures in accordance with Danish Financial Statements Act § 98b.

Note 5. Fees to the auditor appointed at the general meeting

USD '000	**2020**	**2019**
Audit	57	58
Other assurance services	12	-
Tax consultancy	-	9
Other services	1	7
Total	**70**	**74**

Note 6. Financial income

USD '000	2020	2019
Interest income	11	167
Exchange rate gains	451	231
Other financial income	2	-
Financial income	**464**	**398**

Note 7. Financial expenses

USD '000	2020	2019
Interest expenses on mortgage debt	-	3.282
Interest expenses on lease liabilities	1.907	4.102
Other interest expenses	42	76
Exchange rate losses	498	290
Other financial expenses	1	612
Financial expenses	**2.448**	**8.362**

Note 8. Tax

USD '000	2020	2019
Tax on the results for the year	-59	-80
Adjustments of tax regarding previous years	3	36
Tax for the year recognized in the income statement	**-56**	**-44**

The majority of the Group's income tax base is located in Denmark, and therefore subject to the Danish tonnage tax scheme. The Group renewed its participation in the tonnage tax scheme on 1 January 2017, with a binding period of 10 years. Following the transfer of chartered vessels from MOL Chemical Tankers Europe A/S to MOL Chemical Tankers Pte. Ltd. during 2020, the remaining activities in the Group are not subject to tonnage tax.

The Group did not own any vessels upon entering the tonnage tax scheme; consequently, the Group has no deferred, or contingent, taxes from the transitional period.

Under the tonnage tax scheme, income and expenses from shipping activities are not subject to direct taxation and accordingly an effective rate reconciliation has not been provided. Instead, the taxable income is calculated from:

- The net tonnage of the vessels used to generate the income from shipping activities
- A rate applicable to the specific net tonnage of the vessel based on a sliding scale

At 31 December 2020, the Group’s recognized deferred tax assets amounts to USD 0.3 million. No deferred tax liabilities are recognized. The tax asset of non-recognized tax losses and tax credits carried forward, with certain limitations in subsidiaries and time, amounts to USD 3 million (2019: USD 3.0 million) for the Group. There are no unrecognized tax liabilities associated with investments in foreign subsidiaries and jointly controlled companies.

Note 9. Intangible assets

USD '000	Software
2020	
Cost at 1 January 2020	611
Cost at 31 December 2020	**611**
Accumulated depreciation at 1 January 2020	-611
Depreciation at 31 December 2020	**-611**
Carrying amount at 31 December 2020	**-**
2019	
Cost at 1 January 2019	611
Cost at 31 December 2019	**611**
Accumulated depreciation at 1 January 2019	-611
Depreciation at 31 December 2019	**-611**
Carrying amount at 31 December 2019	**-**

Note 10. Tangible assets

USD '000	Vessels	Property and equipment	Total
2020			
Cost at 1 January 2020	-	63	63
Currency adjustment at 1 January 2020	-	234	234
Additions during the year	-	7	7
Cost at 31 December 2020	**-**	**304**	**304**
Accumulated depreciation at 1 January 2020	-	-47	-47
Currency adjustment at 1 January 2020	-	-234	-234
Depreciation for the year	-	-10	-10
Depreciation at 31 December 2020	**-**	**-291**	**-291**
Carrying amount at 31 December 2020	**-**	**13**	**13**
2019			
Cost at 1 January 2019	129.679	75	129.754
Additions during the year	-	35	35
Disposals during the year	-129.679	-47	-129.726
Cost at 31 December 2019	**-**	**63**	**63**
Accumulated depreciation at 1 January 2019	-23.770	-53	-23.823
Depreciation for the year	-5.385	-41	-5.426
Disposals during the year	29.155	47	29.202
Depreciation at 31 December 2019	**-**	**-47**	**-47**
Carrying amount at 31 December 2019	**-**	**16**	**16**

Note 11. Lease assets

USD '000	Chartered vessels	Leased office facilities	Total
2020			
Cost at 1 January 2020	127.896	2.340	130.236
Additions during the year	3.970	1.415	5.385
Disposals during the year	-131.866	-	-131.866
Cost at 31 December 2020	**-**	**3.755**	**3.755**
Accumulated depreciation at 1 January 2020	-13.165	-964	-14.129
Depreciation for the year	-11.094	-1.029	-12.123
Disposals during the year	24.259	-	24.259
Depreciation at 31 December 2020	**-**	**-1.993**	**-1.993**
Carrying amount at 31 December 2020	**-**	**1.762**	**1.762**
2019			
Cost at 1 January 2019	-	-	-
Effect of change in accounting policies (IFRS 16) at 1 January 2019	32.478	2.328	34.806
Additions during the year	96.248	67	96.315
Disposals during the year	-830	-53	-883
Cost at 31 December 2019	**127.896**	**2.342**	**130.238**
Accumulated depreciation at 1 January 2019	-	-	-
Depreciation for the year	-13.165	-964	-14.129
Depreciation at 31 December 2019	**-13.165**	**-964**	**-14.129**
Carrying amount at 31 December 2019	**114.731**	**1.378**	**116.109**

No indication of impairments existed as of 31 December 2020 and consequently, Management has not performed any impairment testing.

Note 12. Other receivables

USD '000	2020	2019
Deposits	225	3.984
Miscellaneous receivables	459	800
Other receivables	**684**	**4.784**

The fair value of other receivables approximates the carrying amount.

Note 13. Prepayments

USD '000	2020	2019
Prepayments regarding time charter and bareboat charter agreements	-	4.327
Insurance prepayments	15	21
Other prepayments to suppliers etc.	34	227
Prepayments	**49**	**4.575**

Note 14. Share capital

	2020			2019		
	Number of shares	Nominal value DKK	Share capital DKK	Number of shares	Nominal value DKK	Share capital DKK
Class A shares	104.600	100,00	10.460.000	8.000.000	1,00	8.000.000
Share capital at 31 Dec.	**104.600**	**100,00**	**10.460.000**	**8.000.000**	**1,00**	**8.000.000**

On 29 April 2020 and with effect from 1 January 2020, it was decided to implement a merger of the parent company of the Group (MOL Nordic Tankers A/S) with MOL Chemical Tankers Europe Trading A/S with the latter as the continuing entity and new parent company of the Group. On 1 May 2020, the name of MOL Nordic Tankers Trading A/S was changed to MOL Chemical Tankers Europe A/S. On 21 August 2020, it was decided to increase the share capital by DKK 110,577,000 by transferring the amount from share premiums and issuing new shares. On 24 August 2020, it was decided to reduce the share capital by DKK 62,828,000 and in connection with this, to pay the amount as dividend to the shareholder. On 21 December another capital reduction was carried out of DDK 37,900,000. The carrying share capital amount at the balance date was DKK 10,460,000.

Note 15. Lease liabilities

USD '000	Current	Non-current	Total
2020			
Carrying amount at 1 January 2020	26.835	90.055	116.890
Additions during the year	2.202	3.134	5.336
Transfers from non-current to current during the year	6.491	-6.491	-
Installments during the year	-11.831	-	-11.831
Other movements	-23.051	-85.527	-108.578
Carrying amount at 31 December 2020	**646**	**1.171**	**1.817**
2019			
Carrying amount at 1 January 2019	-	-	-
Effect of change in accounting policies (IFRS 16) at 1 January	7.300	27.523	34.823
Additions during the year	20.177	76.071	96.248
Transfers from non-current to current during the year	13.539	-13.539	-
Installments during the year	-13.298	-	-13.298
Other movements	-883	-	-883
Carrying amount at 31 December 2019	**26.835**	**90.055**	**116.890**

Note 16. Trade payables

USD '000	2020	2019
Payables for goods and services	115	9.726
Contract liabilities	-25	929
Accrued costs	458	5.413
Trade payables	**548**	**16.068**

Note 17. Changes in working capital

USD '000	2020	2019
Change in inventories	-6.623	5.074
Change in trade receivables	-11.641	4.465
Change in other receivables excl. tax assets	-4.230	-78
Change in prepayments	-4.526	1.416
Change in trade payables	15.520	-10.324
Change in other payables excl. accrued interest and tax assets/liabilities	471	1.663
Change in working capital excl. accrued interest and tax assets/liabilities	**-11.029**	**2.216**
Change in accrued interest	-	143
Change in tax assets	130	103
Change in tax liabilities	-17	2
Change in working capital	**-10.916**	**2.464**

Note 18. Lease liabilities and other contractual obligations

USD '000	2020	2019
Bareboat and time charter agreements		
Bareboat and time charter obligations with maturities within 1 year	-	94.445
Bareboat and time charter obligations with maturities between 1 and 5 years	-	143.759
Bareboat and time charter obligations with maturities over 5 years	-	61.339
Total	**-**	**299.543**
Rental commitments		
The Group has entered into irrevocable rental agreements regarding office facilities.		
Rental commitments with maturities within 1 year	700	925
Rental commitments with maturities between 1 and 5 years	1.019	380
Rental commitments with maturities over 5 years	-	-
Total	**1.719**	**1.305**
Other contractual obligations		
The Group has contractual obligations to IT service partners.		
Contractual obligations with maturities within 1 year	405	585
Contractual obligations with maturities between 1 and 5 years	563	158
Contractual obligations with maturities over 5 years	-	-
Total	**969**	**744**

During 2020, all time charter agreements and bareboat charter agreements were transferred to MOL Chemical Tankers Pte. Ltd.

Note 19. Unrecognized contingent assets and liabilities

The Group is not involved in any lawsuits involving claims against the Group. However, claims have been made against the Group regarding demurrage etc. It is Management's opinion that the outcome of these disputes will not have any material impact on the Group's financial position, result or cash flow.

The Group is not involved in any lawsuits, disputes etc. involving claims from the Group against third parties.

The Group has not issued any guarantees apart from guarantees issued by the parent company for the obligations of its subsidiaries.

In 2020, the taxable result in the jointly taxed Danish companies was USD 0.4 million. The corresponding tax was offset by the unrecognized tax losses carried forward (USD -15.1 million). Further, USD 1.2 million (tax asset amount USD 0.3 million) has been recognized in the income statement, the rest is considered a contingent asset. The accumulated tax losses carried forward (including previous years) is USD -13.4 million. The majority of the Group's activities used to be subject to the Danish tonnage tax scheme. But following the full integration, Management does not expect any incomes that will be covered under this scheme. Management also changed its previous notion and now find it certain that the Group will be able utilize the credit as the Group is now funded from a Service Level Agreement with a markup on the Group accumulated costs ensuring a taxable income for all conceivable future.

Note 20. Related party disclosures and transactions with related parties

Related parties with controlling influence

MOL Chemical Tankers Europe A/S is 100% owned by MOL Chemical Tankers Pte. Ltd.

Transactions with related parties

The related parties comprise the Executive Board, members of the Board of Directors, as well as their close relatives. Related parties also include companies in which the above-mentioned persons have significant interests as well as companies and foundations, which have direct or indirect considerable influence through shareholding.

In the financial year, the Group had the following transactions with related parties:

USD '000	Key personnel in manage-ment	Associated companies	Other related parties[1]	Total
2020				
Charter hire (expense)	-	-	11.951	11.951
Administive services (income)	-	-	6.921	6.921
Net financials	-	-	-41	-41
2019				
Charter hire (expense)	-	-	6.964	6.964
Opex services (expense)	-	1.036	-	1.036
Administive services (income)	-	452	-	452
Administive services (expense)	-	-	18	18
Remunerations etc. ref. note 4	2.600	-	-	2.600
Net financials	-	-	-159	-159
Shareholder loans	-	-	2.000	2.000
Lease liabilities	-	-	10.949	10.949

[1]Other related parties consists of MOL entities and MOL controlled entities.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies applied.

Note 21. Companies in the Group

Company	Country	Registration number	Owner-ship	Voting rights
MOL Chemical Tankers Europe A/S	Denmark	17952072		
MOL MOL Chemical Tankers America LLC	USA	99-0375248	100%	100%
MOL Chemical Tankers Colombia S.A.S.	Colombia	860522025-4	100%	100%
Nordic Tankers Marine India Pvt. Ldt.	India	U61200MH2013FYC239604	100%	100%

MOL Chemical Tankers Europe A/S is 100% owned by MOL Chemical Tankers Pte. Ltd. (reg. no. 198802999D) registered in Singapore, which is 100% owned by Mitsui O.S.K. Lines Ltd. (reg. no. JP3362700001) listed on the Tokyo Exchange as TYO: 9104. The Group financial statement of Mitsui O.S.K. Lines can be found here: https://www.mol.co.jp/en/ir/data/annual/index.html.

With effect from 1 January 2020, MOL Nordic Tankers A/S was merged with MOL Nordic Tankers Trading A/S with the latter as the continuing entity. Following the merger the continuing entity was renamed MOL Chemical Tankers Europe A/S.

Nordic Caribe K/S was liquidated on 24 January 2020. Furthermore, Nordic Tankers Marine India Pvt. Ltd. was liquidated on 12 March 2021.

Note 22. Subsequent events

No events have occurred from the balance sheet date to this date, which would influence the evaluation of this annual report.

Note 23. Accounting policies

Accounting policies, in addition to those described in note 1, are as described below.

Consolidated financial statements

The consolidated financial statements include MOL Chemical Tankers Europe A/S (parent company) and the enterprises (subsidiaries) which are controlled by the parent company. Control is achieved when the company:

- has the power of the investee
- is exposed or has the right to variable returns from involvement with the investee
- has the ability to use its power to affect its returns

The Group's joint control or significant influence over an entity or activity is subject to an assessment of power and exposure to variability in returns. When assessing joint control, an analysis is carried out to determine which decisions require unanimity and whether these concern the activities that significantly affects return. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is typically relevant for the pool arrangements in which some of the Group's vessels operate. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of MOL Chemical Tankers Europe A/S and its subsidiaries and joint arrangements. The consolidated financial statements have been prepared by adding together items of a uniform nature. The accounts used for consolidation purposes have been prepared in accordance with the Group's accounting policies. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. Subsidiaries' items are recognized in full in the consolidated financial statements. Investments in joint arrangements are recognized and measured in the consolidated financial statements based on the equity method. The proportionate share of the results of the entities after tax and elimination of unrealized proportionate intercompany profits and losses is recognized in the income statement.

Profits or losses on the sale or settlement of subsidiaries and associates

Profits or losses of sale or settlement of subsidiaries and associates that result in termination of control and significant influence are calculated as the difference between the fair value of the sales proceeds or the settlement amount and the fair value of any remaining equity interests and, on the other hand, the carrying amount of the net assets at the disposal or settlement date, including goodwill, withdrawn any minority interests. The realized profit or loss is recognized in the income statement as well as accumulated exchange rate adjustments previously recognized in other comprehensive income.

Foreign currency translation

The functional and presentation currency of the Group is USD. On initial recognition, transactions in currencies other than the functional currency of each entity are translated using the exchange rate at the date of the transaction. Receivables, payables and other monetary items in foreign currencies, which have not been settled at the balance sheet date, are translated using the rate of exchange at the balance sheet date. Any exchange differences arising between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment and the balance sheet date, respectively, are recognized in the income statement as financial income and expenses. Property, plant and equipment, intangibles, inventories and other nonmonetary assets purchased in foreign currencies and measured using historical costs are translated using the rate of exchange at the date of the transaction.

Income statement

Revenue and other operating income

Income, including revenue and other operating income, 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 Group
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, demurrage and other income from transportation of freight. Revenue is recognized when or as performance obligations are satisfied by transferring the promised goods or service s to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration the Group expects to be entitled to. Accordingly, freight, charter hire and demurrage revenue are recognized at selling price upon delivery of the service as per the charter parties concluded. The stage of completion is based on the number of on hire days completed divided by the expected total voyage days for the individual cargo. Accordingly, freight revenue for cargoes under transport at year-end is recognized at selling price multiplied by stage of completion.

Until end of 2019, the Group used to generate part of its revenue through pool or joint venture arrangements. Total pool revenue was generated from each vessel participating in the pool. The pool measures revenue based on the contractual rates and the duration of each voyage, and revenue is recognized in the pools income statement upon delivery of service in accordance with the Group's definition on recognizing income. The pools are regarded as joint arrangements, and the Group's share of items in the income statement and balance sheet in the respective pools is accounted for by recognizing a proportional share, based on participation in the pool. The Group's share of pool revenue is primarily dependent on the number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period.

Other operating income comprises management fees and other income. Management fees related to voyages are recognized based on the same principles as revenue. Other income is recognized when invoiced.

The Group generates revenues from Service Level Agreement with the parent company. The Service fee is calculated from the Group entities' costs related to servicing the Agreement applied with a percentage based markup. For periods during the year 2020 when the Group was servicing the SLA as well as its own shipping activities, a cost allocation of the applicable vessel days out of the total days managed by the Group was applied to calculate the applicable service income.

Voyage related expenses

These are expenses related to voyages performed by the Group's vessels. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognized concurrently with the voyage.

Charter hire

Lease payments relating to charter hire arrangements where IFRS 16 is not applied are recognized using the straight-line method in the income statement over the term of the leases. For charter hire arrangements where IFRS 16 is applied, the charter hire cost includes the cost of the non-lease (service) component of the contracts.

Operating expenses

Operating expenses include costs relating to the operation and maintenance of vessels, including costs relating to crew. Operating expenses are recognized as incurred.

Administrative expenses

Administrative expenses include the cost of offices, personnel costs and administrative costs. Staff costs comprise wages and salaries, social security and pension costs, etc. and are recognized as incurred.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation of tangible and intangible fixed assets and lease assets (right-of-use assets) for the period as well as the impairment of the value of assets by the amount by which the carrying amount of the asset exceeds its recoverable amount. In the event of indications of impairment, the carrying amount is assessed, and the value of the asset is impaired to its recoverable amount equal to the higher of value in use based on net present value of future earnings from the assets and its net selling price.

Financial items

Financial items comprise interest income and expenses, including interest expenses on lease obligations under IFRS 16, realized and unrealized gains and losses on securities, liabilities and foreign currency transactions, dividends, estimated interest expenses relating to amortization allowances or deductions relating to mortgage debt etc. as well as surcharges and allowances under the Danish Corporate Tax Scheme.

Interest income and expenses are accrued on the basis of the principal and the effective interest rate. The effective interest rate is the discount rate that will be used to discount the expected future payments that are linked to the financial asset or financial liability so that their present value corresponds to the carrying amount of the asset and liability.

Dividends from investments in equity interests are recognized when a final right has been acquired for the dividend. This will typically be stated at the time of the general meeting's approval of the distribution from the company in question. However, in the consolidated financial statements, this does not apply to investments in associates that are measured using the equity method.

Tax

As the Group is mainly operating in Denmark, the Group’s current tax of the year consist of estimated tax according to the Danish Tonnage Tax Act for all shipping activities, and according to general tax regulations for net financial income and other activities. Other activities consist of the Group’s management activities and activities related to servicing the Service Level Agreement with MOL Chemical Tankers Pte. Ltd. Shipping activities are taxed on the basis of the net tonnage (vessels) which the Group has at its disposal, remaining is taxed according to the Corporate Income Tax regulations in Denmark.

Based on the Group’s planned use of vessels and recovery of reversed depreciation, the tonnage tax regime does not result in a deferred tax liability, but is merely incorporated as a contingent liability.

Balance sheet

Intangible assets

Intangible assets pertain to developed software which is measured at cost less amortization. The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use. Developed software is amortized straight-line over a period of 3 years (36 month).

Property, plant and equipment, vessels and dry-docking

Property, plant and equipment, vessels, upgrade costs, dockings, lease assets and office and IT equipment, are measured at cost less accumulated depreciation and impairment losses. The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use, including interest expenses incurred during the period of construction. Other borrowing costs are taken to the income statement. Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year.

Vessels

Vessels are measured at cost less accumulated depreciation and write-downs. All major components of vessels except for dry-docking assets are depreciated on a straight-line basis to the estimated residual value over their estimated useful lives, which the Group estimates to be 25 years. Depreciation is based on cost less the estimated residual value. Residual value is estimated as the light weight tonnage of each vessel multiplied by scrap value per ton. The useful life and residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group's business plans. Moreover, the Group evaluates the carrying amount of the vessels to determine whether events have occurred that indicate impairment and would require an adjustment of the carrying amounts. Prepayments on vessels under construction are recognized as instalments paid.

Dry-dockings

The fleet of own vessels is required to undergo planned dry dockings for major repairs and maintenance, which cannot be carried out while the vessels are operating. Dry-dockings are generally required every 30-60 months depending on the age of the vessel. Costs relating to dry-dockings are capitalized and depreciated on a straight-line basis over a period of 60 months or to the next dock if within 30 months. The residual value is estimated at zero. A portion of the cost of acquiring a new vessel is allocated to the components which are expected to be replaced or refurbished at the next dry-docking. For new buildings, the initial dry-docking asset is estimated on the basis of the expected costs related to the first-coming docking, which is based on experience with similar vessels. At subsequent dry-dockings, the asset comprises the actual docking costs incurred.

Lease assets (right-of-use assets)

Charter hire arrangements and other lease contracts with a duration of 1 year or more are capitalized and depreciated on a straight-line basis over the lifetimes of the contracts. Lease assets are initially measured based on the net present value of the lease payments, excluding any payments related to non-lease (service) components in the lease contracts. In case the lease arrangements include purchase obligations or purchase options where it is considered that it is reasonably certain that the options will be exercised, then the exercise price as well as the remaining useful life of the leased asset is included in the initially recognized value of the lease asset as well as the depreciation period.

Office and IT equipment

Office and IT equipment is depreciated on a straight-line basis over the estimated useful lives, which does not exceed 5 years.

Impairment tests

The carrying amounts of property, plant and equipment and lease assets with finite useful lives are evaluated at the balance sheet date to determine whether there are indications of impairment. If an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the need for recognizing an impairment loss and the extent hereof. If an asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. The Group is considered as one cash generating unit. The recoverable amount is defined as the higher of the fair value of the asset or the cash generating unit less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For vessels, the fair value is usually determined based on the estimated selling price less costs to sell. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount.

An impairment loss for cash-generating units is allocated to the assets of the unit, but no asset will be reduced to a lower value than its fair value deducted expected costs to sell. Impairment losses are recognized in the statement of comprehensive income. If an impairment loss subsequently is reversed as a result of changes in the assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a jointly controlled entity where the ventures have a contractual arrangement that establishes joint control of the entity and the ventures rights to the net assets of the entity. The agreement requires unanimous consent of the ventures. The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the statement of financial position for the Group at cost and adjusted thereafter to recognize the Group’s share of the profit and loss and other comprehensive income of the associate or joint venture. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 “Impairment of Assets” as a single asset by comparing its recoverable amount (higher of value in use and fair value deducted costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The entities are all engaged in shipping activities. The profit or loss from these investments is included in “Share of results of associated companies and joint ventures” in the income statement for the Group.

Other financial fixed assets

Deposits are considered a non-current asset, when the lease agreements is interminable within 12 months from the balance sheet date.

Restricted cash is considered a non-current asset when restrictions will be released more than 12 months from the balance sheet date.

Other investments are presented as non-current, unless Management intends to dispose of the investments within 12 months from the balance sheet date.

Inventories

Inventories are measured at cost according to the FIFO method, or net realizable value if lower. Inventories consist of bunkers and lubricants etc. The cost of bunkers and lubricants includes the purchase price and delivery costs.

Receivables

Receivables comprise trade receivables (including accrued income) and other receivables. Receivables are classified as receivables that are financial assets, with fixed or determinable payments, which are not quoted in an active market and which are not derivative financial instruments. Receivables are initially measured at fair value and subsequently at amortized cost, which usually equals the nominal value less provisions for bad debts.

A provisioning account is used to reduce the carrying amount of receivables from sales and services whose value is impaired due to loss risk.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses are estimated using a provision matrix based on historical experiences. The Group has recognized a loss allowance of 50% against all receivables 181-365 days overdue and 100% against all receivables over 365 days overdue.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts

Dividends

Dividend are recognized as a liability at the time of approval by the General Meeting. Dividends proposed by Management in respect of the year are stated under equity.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions with an expected maturity of more than one year from the balance sheet date are measured at present value.

Non-current and current financial liabilities (interest bearing debt)

Finance loans are initially measured at fair value less any transaction costs. Finance loans are subsequently measured at amortized cost. This means that the difference between the amount on initial recognition and the redemption value is recognized in the income statement as a financial expense over the term of the loan using the effective interest method.

Lease liabilities

Lease liabilities relate to charter hire arrangements and other lease contracts with a duration of 1 year or more. Lease liabilities are initially measured at net present value of the lease payments, excluding any payments related to non-lease (service) components in the lease contracts. Lease liabilities are subsequently measured at amortized cost using the effective interest method.

Other liabilities

Other liabilities comprise trade payables (including accrued costs) and other payables to public authorities, etc. Other liabilities are initially measured at fair value less any transaction costs. Liabilities are subsequently measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the term of the liability.

Cash flow statement

The consolidated cash flow statements are presented using the indirect method and show cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are stated as the operating profit or loss, adjusted for non-cash operating items and changes in working capital, less corporation tax paid attributable to operating activities.

Cash flows from investing activities include payments in connection with the acquisition and divestment of enterprises and financial assets and the acquisition, development, improvement and sale, etc. of intangibles and property, plant and equipment.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of sale. Cash flows from financing activities comprise changes in the parent company's share capital and related costs as well as raising and repayment of loans, instalments on interest bearing debt, acquisition of treasury shares and payment of dividend. Cash flows in other currencies than the functional currency are recognized in the cash flow statement using average exchange rates for the respective months, unless these deviate materially from the actual exchange rates ruling at the dates of the transactions. If so, the actual exchange rates are used.

Parent company financial statements

Page

Parent company income statement

1 January - 31 December

USD '000	**Note**	**2020**	**2019**
Revenue	3	103.427	130.960
Voyage related expenses		-42.314	-67.452
Gross profit		**61.113**	**63.508**
Other operating income		22	4.676
Charter hire		-31.684	-45.806
Operating expenses		-1.010	-3.015
Administrative expenses	4, 5	-11.305	-14.330
Operating profit before depreciation etc. (EBITDA)		**17.136**	**5.033**
Depreciation		-11.854	-14.202
Gains/losses from sale/disposal of fixed assets etc.		1.044	-
Share of results of associated companies and joint ventures		115	-13
Operating profit (EBIT)		**6.441**	**-9.182**
Financial income	6	380	62
Financial expenses	7	-2.401	-4.593
Result before tax		**4.420**	**-13.713**
Tax	8	260	-22
Net result		**4.680**	**-13.735**

Parent company balance sheet

at 31 December

USD '000	Note	2020	2019
ASSETS			
Software	9	-	-
Intangible assets		**-**	**-**
Property, plant and equipment	10	3	5
Tangible assets		**3**	**5**
Chartered vessels	11	-	114.688
Leased office facilities	11	1.366	778
Lease assets		**1.366**	**115.466**
Investments in subsidiaries	21	158	44
Financial assets		**158**	**44**
Non-current assets		**1.527**	**115.515**
Inventories		-	6.623
Trade receivables		250	11.985
Receivables from group companies		-	161
Other receivables	12	650	3.401
Prepayments	13	40	4.429
Cash and cash equivalents		3.604	2.575
Current assets		**4.544**	**29.174**
Assets		**6.071**	**144.689**

Parent company balance sheet

at 31 December

USD '000	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	14	1.712	112
Net revaluations reserve according to the equity method		115	14
Retained earnings		763	-3.768
Equity		**2.590**	**-3.642**
Loans from group companies		-	14.457
Lease liabilities	15	1.024	89.677
Other non-current liabilities		-	147
Non-current liabilities		**1.024**	**104.281**
Lease liabilities	15	388	26.609
Trade payables	16	465	15.898
Payables to group companies		-	14
Tax liabilities		-9	-
Other payables		1.613	1.529
Current liabilities		**2.457**	**44.050**
Liabilities		**3.481**	**148.331**
Equity and liabilities		**6.071**	**144.689**

Significant accounting policies and changes to accounting policies	1
Significant accounting estimates, assumptions and uncertainties	2
Share capital	14
Lease liabilities and other contractual obligations	18
Unrecognized contingent assets and liabilities	19
Related party disclosures and transactions with related parties	20
Companies in the Group	21
Subsequent events	22
Accounting policies	23

Parent company statement of changes in equity

1 January - 31 December

USD '000	Share capital	Reserves	Retained earnings	Total
2020				
Equity at 1 January 2020	**112**	**14**	**-3.768**	**-3.642**
Net result	-	101	4.580	4.681
Mergers during the year	-	-	17.551	17.551
Issue of share capital during the year	17.600	-	-17.600	-
Capital reductions during the year	-16.000	-	-	-16.000
Total change in equity	**1.600**	**101**	**4.531**	**6.232**
Equity at 31 December 2020	**1.712**	**115**	**763**	**2.590**
2019				
Equity at 1 January 2019	**97**	**477**	**-8.119**	**-7.545**
Net result	-	-463	-13.272	-13.735
Mergers during the year	-	-	21	21
Issue of share capital during the year	15	-	17.602	17.617
Total change in equity	**15**	**-463**	**4.351**	**3.903**
Equity at 31 December 2019	**112**	**14**	**-3.768**	**-3.642**

Notes to the parent company financial statements

Note 1. Changes to accounting policies and significant accounting policies

The parent company of the Group is MOL Chemical Tankers Europe A/S. MOL Chemical Tankers Europe A/S is a limited liability company with its registered office in Denmark.

The parent company's financial statements are prepared in accordance with the requirements in the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies remain unchanged from the previous year.

The parent company fundamentally uses the same accounting policies for recognition and measurement as the Group as there is no material differences between IFRS (as used in the Group's financial reporting) and the Danish Financial Statements (as used in the parent company's financial reporting) in areas which are relevant to the parent company. The cases where the parent company's accounting policies differ from the Group are described below. For a detailed description of the Parent Company's accounting policies, see Note 32 to the Consolidated Financial Statements.

Cases where the parent company's accounting policies differ from the Group

Results from investments in subsidiaries

Results from investments in subsidiaries comprises the individual entities' earnings after full elimination of internal gains and losses.

Conversion of foreign currency

Exchange rate adjustments of receivables from or liabilities to subsidiaries, which are considered part of the parent company's investment in the subsidiary, are recognized in the income statement under financial items. In the consolidated financial statements, value adjustments are recognized in other comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured according to the equity method.

In the balance sheet under the items "investments in subsidiaries", the proportional ownership share of the companies' net asset value is recognized.

The total net revaluation of investments is subsidiaries is transferred through the distribution of profits to "Reserve for net revaluation according to equity method" under equity. The reserve is reduced by dividend payments to the parent company and is adjusted with other changes in equity in subsidiaries.

Subsidiaries with negative net asset value are recognized at USD 0, and a provision to cover the negative balance is recognized if such a present obligation for this purpose exists.

Mergers of Group companies and change of continuing Group parent entity

During 2020, MOL Chemical Tankers Europe A/S merged with MOL Nordic Tankers A/S with MOL Chemical Tankers Europe A/S as the continuing entity. The merger has been accounted for according to the book value method, whereby the net asset value of MOL Nordic Tankers A/S has been added to equity of MOL Chemical Tankers Europe A/S at 1 January 2020, and income and expense items of MOL Nordic Tankers A/S have been reflected in the income statement MOL Chemical Tankers Europe A/S from 1 January 2020. Comparative figures have not been adjusted and hence the comparative figures for 2019 do not reflect any prior year's activity of MOL Nordic Tankers A/S.

Note 2. Significant accounting estimates, assumptions and uncertainties

For a description of significant accounting estimates, assumptions and uncertainties, see note 2 of the consolidated financial statements.

Note 3. Revenue

USD '000	2020	2019
Freight revenue	84.245	90.629
Pool revenue	78	33.079
Other voyage related revenue	12.183	7.252
Voyage related revenue	**96.506**	**130.960**
Management fees	6.921	-
Revenue	**103.427**	**130.960**

Note 4. Administrative expenses

USD '000	2020	2019
Land based employees (included in administrative expenses)		
Wages and salaries	4.110	4.667
Pensions, defined contribution plans	405	420
Other social security costs	20	35
Other staff costs	166	62
	4.701	**5.184**
Seafarers (included in operating expenses)		
Wages and salaries	601	7.124
Pensions, defined contribution plans	1	17
Other social security costs	1	8
	603	**7.149**
Total staff costs	**5.304**	**12.333**

Average employees	2020	2019
Land based employees	35	65
Seafarers	20	160
	55	**225**

USD '000	2020	2019
Board of Directors		
Remuneration to the Board of Directors	-	-
CEO and key management personnel		
Salaries	-	702
Pensions, defined contribution plans	-	40
Other social security costs	-	1
Severance payments	-	1.840
Total remuneration	**-**	**2.583**

Persons in the Board of Directors and key management	2020	2019
Board of Directors	5	5
CEO and key management personnel	2	2
	7	**7**

During 2020 integration of MOL Chemical Tankers Europe A/S with MOL Chemical Tankers Pte. Ltd., Annette B. Hasenberg took over the role as Chief Executive Officer from Tsuneo Watanabe. As Tsuneo Watanabe was not remunerated by MOL Chemical Tankers Europe A/S, the number of persons considered CEO and key management personnel was effectively one person. Therefore salary and other remunerations have been excluded in the 2020 figures in accordance with the Danish Financial Statements Act § 98b.

Note 5. Audit expenses

USD '000	2020	2019
Audit	57	22
Tax consultancy	-	8
Other services	1	7
Total	**70**	**37**

Note 6. Financial income

USD '000	2020	2019
Interest income	10	32
Exchange rate gains	368	30
Financial income	**380**	**62**

Note 7. Financial expenses

USD '000	2020	2019
Interest expenses on lease liabilities	1.896	4.092
Other interest expenses	80	427
Exchange rate losses	425	73
Other financial expenses	-	1
Financial expenses	**2.401**	**4.593**

Note 8. Tax

USD '000	2020	2019
Tax on the results for the year	-260	23
Adjustments of tax regarding previous years	-	-1
Tax for the year recognized in the income statement	**-260**	**22**

Note 9. Intangible assets

USD '000	Software
2020	
Cost at 1 January 2020	611
Cost at 31 December 2020	**611**
Accumulated depreciation at 1 January 2020	-611
Depreciation at 31 December 2020	**-611**
Carrying amount at 31 December 2020	**-**
2019	
Cost at 1 January 2019	611
Disposals during the year	-
Cost at 31 December 2019	**611**
Accumulated depreciation at 1 January 2019	-611
Depreciation for the year	-
Disposals during the year	-
Depreciation at 31 December 2019	**-611**
Carrying amount at 31 December 2019	**-**

Note 10 – 18.

See notes of the consolidated financial statements.

Note 19. Unrecognized contingent assets and liabilities

MOL Chemical Tankers Europe A/S is a management company being party to the national Danish joint taxation and VAT scheme. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. As of 31 December 2020, the income taxes payable for the jointly taxed companies was USD 0.

In 2020, the taxable result of MOL Chemical Tankers Europe A/S was USD 0.4 million which was offset in tax losses carried forward from previous years. After this, and recognition of 0.3 million deferred tax asset, the accumulated amount of tax losses carried forward is USD 13 million. The majority of the Company's activities used to be subject to the Danish tonnage tax scheme. But following the full integration, Management does not expect any incomes that will be covered under this scheme. Management also changed its previous notion and now find it certain that the Company will be able utilize the credit as the Group is now funded from a Service Level Agreement with a markup on the Company accumulated costs ensuring a taxable income for all conceivable future.

Note 20. Related party disclosure and transactions with related parties

MOL Chemical Tankers Europe A/S is 100% owned by MOL Chemical Tankers Pte. Ltd.

For a list of transactions with related parties refer to note 20 of the consolidated financial statements.

Note 21 – 23.

See notes of the consolidated financial statements.

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and approved the annual report of MOL Chemical Tankers Europe A/S for the financial year 1 January - 31 December 2020.

The consolidated financial statements for the Group and the financial statements for the Parent Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements for the Group and the financial statements for the Parent Company give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2020 and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial year 1 January - 31 December 2020.

In our opinion, the Management's review provides a fair review of the development in the operations and financial circumstances of the Group regarding the results for the year and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty, which the Group is facing.

We recommend that the annual report be adopted at the annual general meeting.

Hellerup, 19 March 2021

Executive management

Annette Bruhn Hasenberg
Chief executive officer

Board of Directors

Akio Mitsuta *Chairman*	Howard Powers *Board member*	Kentaro Ayai *Board member*
Hirofumi Nara *Board member*	Annette Bruhn Hasenberg *Board member*	

MOL CHEMICAL TANKERS

Independent auditor's report

To the shareholders of MOL Chemical Tankers Europe A/S

Opinion

We have audited the financial statements of MOL Chemical Tankers A/S Group and Parent for the financial year 01.01.2020 – 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including 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 Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 19.03.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Lars Hansen
State-Authorised
Public Accountant
Identification No. MNE24828

Definitions and glossary

Ratios

Key figures and key ratios are defined and calculated in accordance with the Danish Association of Financial Analysts and as described below:

Key ratio	Calculation formula	Comments
TCE margin (%)	$\frac{\text{TCE}}{\text{Revenue}}$	The ratio reflects the percentage of revenue, minus voyage related costs, that covers capacity costs, net financing costs, taxes and profit.
EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}}$	The ratio reflects the entity's operational profitability.
EBIT margin (%)	$\frac{\text{EBIT}}{\text{Revenue}}$	The ratio reflect the entity's true business costs
Return on invested capital (%)	$\frac{\text{EBITA}}{\text{Average invested capital}}$	The ratio reflects the entity's ability to generate return on invested capital through operations.
Return on equity (%)	$\frac{\text{Net result}}{\text{Average equity}}$	The ratio reflects the entity's ability to generate return to shareholders when taking into account the entity's capital base.
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	The ratio reflects the financial gearing of the entity.

MOL CHEMICAL TANKERS

Glossary

A

Active Core Fleet Owned vessels and vessels chartered for more than 13 months (long-term chartered vessels)

Active fleet Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels) and vessels chartered for less than 13 months (short-term chartered vessels).

B

Ballast Amount of unpaid cargo carried in order to provide sufficient weight to keep a vessel stable.

Ballast leg Voyage with no cargo on board, to position a ship for the next load port or dry-docking.

Ballast tank Tank that can be filled with ballast, to provide stability for the vessel.

Bareboat-charter (BB) An arrangement involving the hiring of a vessel, under which the party that hires the vessel covers crew costs and all other operating expenses, including docking and maintenance, in addition to all voyage-related costs. On its return, the ship shall be in the same condition as when delivered, normal wear and tear expected.

Barging Transfer of cargo to/from a vessel from/to a barge.

Broker An intermediary in the process of negotiating freight contracts between owners and charterers, the sale and purchase of ships and similar transactions.

Bloomberg Provider of financial news and data.

Bunker Engine fuel, to power a vessel.

C

CBM Cubic meter, volume measurement = 1 meter high x 1 meter wide x 1 meter deep = 1 m^3 = 1.000 liters.

CDP Platform for collecting and presenting companies' environmental data to stakeholders.

Charter party (C/P) Agreement between a ship owner and a charterer, outlining terms and conditions governing the trans-action. The agreement may be for one or several voyages, or for a certain period.

Charterer The party hiring and paying for vessels or vessel space. This may be the cargo owner, an intermediary or the receiver of the cargo.

Chemical tank Transport of Organic products, inorganic products, Vegetable oils and others.

CO_2 Carbon dioxide.

COA (Contract of Affreightment) Agreement to transport cargo for a predetermined period - 3 months, 5 years, 10 years etc. - and at a predetermined price per ton.

Coating Paint protecting the inside of a vessel's tanks. Usually epoxy- or zinc-based paints.

Commercial management Agreement to operate a vessel on the account and risk of the ship-owner.

Coverage Securing employment of a vessel for a longer period of time (see spot market)

CSR (Corporate Social Responsibility) Companies' responsible business practices.

D

Deadweight tonne (DWT) Measure of the weight-carrying capacity of the vessel.

Deep-sea trade Sea-borne trade along intercontinental trade routes.

Demurrage Compensation paid by the charterer, supplier or receiver of the cargo for time spent during port call in excess of the lay-time stipulated in the Charter Party for loading/discharging operations.

Double Hull Vessels destined with an inner and outer hill, to enhance safety by allowing leakages to be contained in the event of potential groundings or collisions. The space between the inner and outer hull may also be used as ballast tank.

Dry-dock Putting a vessel into dry—dock for inspection and repairs of underwater parts, and painting of the vessel bottom. Usually carried out every 2½th or 5th year.

E

EBIT Earnings before Interest and Tax.

EBITA Earnings before Interest, Tax and Amortization

EBITDA Earnings before Interest, Tax, Depreciations and Amortization

Eco vessel Vessel with improved fuel efficiency

EEOI (Energy Efficiency Operational Indicator) Calculation and analysis system used when measuring CO2 emissions from the vessels.

F

FFA (Forward Freight Agreement) Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

Forward rate Market expectations for future rate levels.

G

Gross fleet Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels), vessels chartered for less than 13 months (short-term chartered vessels) and vessels for delivery.

Gross gearing The ration of the Group's net commitments to equity before deduction of contractually secured cash flows.

I **IAS** International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organization - Shipping organization under the UN.

IMOS Shipping system that supports chartering, operations and accounting related functions for the Group's fleet of chemical tanker vessels.

Inorganic chemicals Chemicals with molecular structure containing no carbon atoms (other than as part of a carbonate group) and which are derived from sources other than hydrocarbons, such as sulphuric acid, phosphoric acid and caustic soda.

INTERTANKO International association of independent tanker owners.

ISMC International Safety Management Code. The first formalized initiative by IMO to provide a universal standard for vessels safety managements systems.

L **LIBOR** London Interbank offered Rate. The average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks.

Liner shipping Voyages with fixed routes.

Long-Term charter Agreement to charter a vessel for more than 13 months.

LTIF (Lost time injury frequency) Number of work-related injuries that make employees unable to work the next workday times one million divided by total number of working hours.

LPG Liquefied petroleum gas.

M **MACN** Maritime Anti-Corruption Network.

MARPOL IMO's international regulations for the prevention of pollution by garbage from ships.

M/T Motor tanker.

MT Metric tonne.

NH3 Ammonia

NOX Mono-nitrogen oxides. Nitrogen combined with oxygen to from a variety of compounds.

N **Net Asset Value (NAV)** Booked equity adjusted for the market value of the fleet.

Net gearing The ratio of the Group's net commitments to equity after deduction of contractually secured cash flows.

O **OECD** Organization for Economic Co-operation and Development.

Offhire The time a vessel is prevented from being gainfully employed for its owner or charterer, e.g. time used for repairs.

Onhire The time a vessel is gainfully employed for its owner or charterer, e.g. time used on voyages.

Operating expenses Expenses for crew as well as all other expenses directly connected with the running of the ship, including maintenance and insurance.

Operator activities Combination of cargoes and available vessels in the market.

Operator profit Value added compared to earnings if employed at forward rates at the beginning of the year.

Organic chemicals Chemicals containing carbon-based molecules. Often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

P **Petrochemicals** See organic chemicals.

Pool Group of vessels with different owners but commercially operated together.

Port State Control The countries' technical inspection of foreign vessels calling at their ports.

PPM Parts per million (1 ppm = 0,000001 or 1 mg/kg).

Purchase option A right, but not obligation, to purchase a vessel at an agreed price.

R **RoE** Return on Equity.

RoIC Return on Invested Capital.

S **Segregation** Division of a vessel's cargo space to allow different cargoes being kept completely segregated during the entire voyage, including during loading and unloading.

Short-sea trade Sea-borne trade within a particular trading area (i.e. not intercontinental).

Short-term charter Agreement to charter a vessel for less than 13 months.

SIRE (Ship Inspection Report Programme) The oil companies' inspection of the safety and operational standard of the product tankers.

Service Level Agreement An agreement on services provided by one party to another.

Solvents Liquids that can dissolve other substances.

SOx The Sulphur oxides SO and SO_2.

Spot Market Day-to-day market for cargo contracts.

Spot rate Cargo freight rate not governed by a contract of Affreightment, usually based on the current market level.

STCW International convention on standards of training, certifications, and watch-keeping of seafarers.

T **Time-charter (T/C)** Lease of a vessel whereby the vessel is hired for a short or long period.

TCE (time-charter earnings) Gross freight revenues minus voyage costs divided by number of trading days usually expressed in USD per day.

Technical management Agreement to manage a vessel's technical operations and crew at the account and risk of the ship-owner.

Tonne Gross registered tonne is a volume of 100 cubic feet (2,83 cubic meters). Gross registered tonnage is the volume of the vessels closed areas, excluding the bridge, the galley and a few other areas. Net registered tonnage is the gross tonnage less volumes needed for the operation of the vessel (deck, storage room, engine room etc.), i.e. the volume available for cargo.

Tonne-mile A measure of demand for capacity. Calculated as the freight amount times the transport distance in nautical miles.

Trade Geographical area where a vessel mainly trades.

Trading days Days a ship is not off-hire.

Transshipment Transfer of cargo from one vessel to another, e.g. from a vessel within global trade to a coaster or barge within regional trade bound for final destination.

Triton Triton Managers III Limited, Triton III Funds, Triton III F&F Limited and Triton III F&F Funds.

U **UN Global Compact** The UN's corporate sustainability initiative.

USDA United States Department of Agriculture

V **Vessel days** Total number of days with available vessel capacity.

Vetting Collective term for the many kinds of inspections of chemical tankers – including SIRE inspections – which the oil companies carry out themselves or demand to have carried out.

Voyage charter Agreement for the transportation of cargo from the port(s) of loading to the port(s) of unloading. Payment is normally per tonne of cargo, and the ship owner pays for bunkers, port and canal charges and other voyage-related costs.

Voyage expenses Expenses directly relating to the voyage, such as bunkers, port charges, canal dues, etc.

Company information

MOL Chemical Tankers Europe A/S

Tuborg Havnevej 15

2900 Hellerup

Registration no. 17 95 20 72

www.molnordictankers.com

Group structure

Please refer to note 21 in the consolidated financial statement.

Board of Directors and management

BOARD OF DIRECTORS

- Akio Mitsuta - Chairman of the Board
  Board member since January 2019
- Kentaro Ayai
  Board member since May 2020
- Howard Powers
  Board member since May 2020
- Hirofumi Nara
  Board member since August 2019
- Annette B. Hasenberg
  Board member since August 2019

KEY MANAGEMENT PERSONEL

- Annette B. Hasenberg – Chief Executive Officer
  Employed February 2010