
Forsea Øresund A/S

Færgevej 8, DK-3000 Helsingør

Annual Report for 1 January - 31 December 2019

CVR No 19 75 22 83

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/5 2020

Jens Ole Gravlund Hansen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Forsea Øresund A/S for the financial year 1 January - 31 December 2019.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Helsingør, 28 May 2020

Executive Board

Jens Ole Gravlund Hansen

Board of Directors

Peter Olov Elvefors
Chairman

Peter Kesting

Johnny Tyge Hansen

Martin Alexis Johnson

Åsa Maria Linde Tornée

Independent Auditor's Report

To the Shareholders of Forsea Øresund A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Forsea Øresund A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements

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

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

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 28 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

statsautoriseret revisor

mne26718

Company Information

The Company

Forsea Øresund A/S
Færgevej 8
DK-3000 Helsingør

Telephone: + 45 +46 42 26 01 55

Website: www.forsea.com

CVR No: 19 75 22 83

Financial period: 1 January - 31 December

Municipality of reg. office: Helsingør

Board of Directors

Peter Olov Elvefors, Chairman
Peter Kesting
Johnny Tyge Hansen
Martin Alexis Johnson
Åsa Maria Linde Tornée

Executive Board

Jens Ole Gravlund Hansen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK	2015 TDKK
Key figures					
Profit/loss					
Gross profit/loss	60.796	58.995	68.386	65.904	49.648
Operating profit/loss	27.129	28.073	26.363	22.833	20.754
Profit/loss before financial income and expenses	27.129	28.073	26.363	22.833	20.754
Net financials	1.145	-984	10	24	19
Net profit/loss for the year	27.720	26.127	26.392	22.789	20.754
Balance sheet					
Balance sheet total	112.928	107.577	83.727	58.947	52.636
Equity	97.156	84.436	73.310	46.918	45.129
Investment in property, plant and equipment	1.461	15.669	2.365	10.679	4.260
Number of employees	63	73	92	87	81
Ratios					
Return on assets	24,0%	26,1%	31,5%	38,7%	39,4%
Solvency ratio	86,0%	78,5%	87,6%	79,6%	85,7%
Return on equity	30,5%	33,1%	43,9%	49,5%	59,7%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Financial Statements of Forsea Øresund A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as last year.

Key activities

The company's key activities consist of time charter of the Vessels Mercandia IV and Mercandia VIII on the route Helsingør - Helsingborg.

Development in the year

The income statement of the Company for 2019 shows a profit of TDKK 27,720, and at 31 December 2019 the balance sheet of the Company shows equity of TDKK 97,156.

The past year and follow-up on development expectations from last year

The income statement of the Company for 2019 shows a profit before tax of MDKK 28.3 (2018 MDKK 27.1) and the balance sheet of the Company shows an equity of MDKK 97.2. The increase in earnings from 2018 to 2019 is satisfactory and in line with the management's expectations.

Special risks - operating risks and financial risks

Operating risks

The company's operations depend highly on reliability in the fleet. Damage to the vessels due to accidents or mechanical problems can be costly. The company therefore invests considerable resources in keeping the vessels in very good condition. To minimize costs caused by this type of problem, comprehensive marine insurances are in place.

Targets and expectations for the year ahead

The company will continue its primary activities and management expects a result for 2020 to be in line with, or better than for 2019.

External environment

The business's impact on the external environment and the strategy and preventive actions to minimize this are presented in the sustainability report (https://www.forsea.se/globalassets/blocks/arsredovisning/hallbarhet/forsea_sustainability_report_2019.pdf).

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's Review

Unusual events

The financial position at 31 December 2019 of the Company and the results of the activities of the Company for the financial year for 2019 have not been affected by any unusual events.

Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

In order to mitigate the impacts of the COVID-19 outbreak, the Company has been forced to lower the activity and some employees have been sent home with pay, and the Company will apply for compensation under the Government's economic stimulus packages.

This is not considered to have an impact on the Company's revenue as well as net profit for 2020 compared to the revenue and net profit realised in 2019. However, at this time, it is not possible to provide a reliable estimate of the impact. Management assesses that the financial resources available are adequate.

Income Statement 1 January - 31 December

	Note	2019 TDKK	2018 TDKK
Gross profit/loss		60.796	58.995
Staff expenses	1	-28.881	-25.750
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-4.786	-5.172
Profit/loss before financial income and expenses		27.129	28.073
Financial income	2	1.257	121
Financial expenses	3	-112	-1.105
Profit/loss before tax		28.274	27.089
Tax on profit/loss for the year	4	-554	-962
Net profit/loss for the year		27.720	26.127

Distribution of profit

	2019 TDKK	2018 TDKK
Proposed distribution of profit		
Proposed dividend for the year	25.000	15.000
Retained earnings	2.720	11.127
	27.720	26.127

Balance Sheet 31 December

Assets

	Note	2019 TDKK	2018 TDKK
Ships		18.891	18.013
Property, plant and equipment in progress		448	4.650
Property, plant and equipment	5	19.339	22.663
Fixed assets		19.339	22.663
Trade receivables		2	0
Receivables from group enterprises		80.649	79.628
Other receivables		43	1
Prepayments		482	234
Receivables		81.176	79.863
Cash at bank and in hand		12.413	5.051
Currents assets		93.589	84.914
Assets		112.928	107.577

Balance Sheet 31 December

Liabilities and equity

	Note	2019 TDKK	2018 TDKK
Share capital		1.000	1.000
Retained earnings		71.156	68.436
Proposed dividend for the year		25.000	15.000
Equity		97.156	84.436
Other payables		654	0
Long-term debt	6	654	0
Trade payables		714	1.350
Payables to group enterprises		400	15.395
Corporation tax		554	1.016
Other payables	6	13.450	5.380
Short-term debt		15.118	23.141
Debt		15.772	23.141
Liabilities and equity		112.928	107.577
Contingent assets, liabilities and other financial obligations	7		
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Statement of Changes in Equity

	Share capital TDKK	Retained earnings TDKK	Proposed dividend for the year TDKK	Total TDKK
2019				
Equity at 1 January	1.000	68.436	15.000	84.436
Ordinary dividend paid	0	0	-15.000	-15.000
Net profit/loss for the year	0	2.720	25.000	27.720
Equity at 31 December	1.000	71.156	25.000	97.156
2018				
Equity 1 January	1.000	57.309	15.000	73.309
Ordinary dividend paid	0	0	-15.000	-15.000
Net profit/loss for the year	0	11.127	15.000	26.127
Equity at 31 December	1.000	68.436	15.000	84.436

Notes to the Financial Statements

	2019 TDKK	2018 TDKK
1 Staff expenses		
Wages and salaries	24.713	20.767
Pensions	3.024	3.237
Other social security expenses	687	685
Other staff expenses	457	1.061
	28.881	25.750
Average number of employees	63	73
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Financial income		
Interest received from group enterprises	180	121
Exchange gains	1.077	0
	1.257	121
3 Financial expenses		
Other financial expenses	112	97
Exchange loss	0	1.008
	112	1.105
4 Tax on profit/loss for the year		
Current tax for the year	554	962
	554	962

Notes to the Financial Statements

5 Property, plant and equipment

	Ships TDKK	Property, plant and equipment in progress TDKK	Total TDKK
Cost at 1 January	157.675	4.650	162.325
Additions for the year	892	569	1.461
Transfers for the year	4.771	-4.771	0
Cost at 31 December	163.338	448	163.786
Revaluations at 1 January	0	0	0
Revaluations at 31 December	0	0	0
Impairment losses and depreciation at 1 January	139.661	0	139.661
Depreciation for the year	4.786	0	4.786
Impairment losses and depreciation at 31 December	144.447	0	144.447
Carrying amount at 31 December	18.891	448	19.339
Depreciated over	5-25 years		

6 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2019 TDKK	2018 TDKK
Other payables		
Between 1 and 5 years	654	0
Long-term part	654	0
Other short-term payables	13.450	5.380
	14.104	5.380

Notes to the Financial Statements

	2019 TDKK	2018 TDKK
7 Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Vessels	18.891	18.013

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

A negative pledge of TDKK 52.883 is issued on the vessels.

8 Related parties

ForSea Øresund A/S immediate parent undertaking is ForSea AB. First State European Diversified Infrastructure Fund FCP-SIF, an investment fund managed by First State Investments Fund Management S.à r.l., is considered the ultimate parent undertaking.

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

ForSea AB
Bredgatan 5
Helsingborg
Sweden

Consolidated Financial Statements

Notes to the Financial Statements

8 Related parties (continued)

The company is included in the consolidated report for the parent company

Name	Place of registered office
FS Infrastructure S.à r.l.	43, Avenue J.F. Kennedy, Luxembourg, Luxembourg
ForSea AB	Helsingborg, Sweden

The Group Annual Report of FS Infrastructure S.à r.l. may be obtained at the following address:

43, Avenue J.F. Kennedy
Luxembourg, L-1855
Luxembourg

The Group Annual Report of Forsea AB may be obtained at the following address:

Bredgatan 5
Helsingborg
Sweden

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Forsea Øresund A/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of ForSea AB, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

9 Accounting Policies (continued)

Income Statement

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

9 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

9 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$