



Evergas Shipholding A/S

Kalvebod Brygge 39-41

DK - 1560 Copenhagen

Cvr.no. 33 24 16 15

Annual report

for the year ended 31 December 2019

Approved at the annual general meeting of shareholder
on 4 June 2020

.....
Pia Lindberg

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Company details

Evergas Shipholding A/S
Kalvebod Brygge 39-41
DK – 1560 Copenhagen
Cvr.no. 33 24 16 15
www.evergas.net

Board of Directors

Jacques Marie Joseph Narcisse d'Armand de Chateauvieux (Chairman)
Christian Franck Lefevre
Steffen Ulrik Jacobsen

Executive Board

Steffen Ulrik Jacobsen, (CEO)

Auditors

Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK - 2300 Copenhagen S

Statement by Executive Board and Board of Directors on the annual report

Today, the Executive Board and Board of Directors have discussed and approved the annual report of Evergas Shipholding 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 Company’s financial position at 31 December 2019 and of the results of the Company’s operations for the financial year 1 January – 31 December 2019.

In our opinion, Management’s review includes a fair review of the matters dealt with in the Management’s review.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen, 4 June 2020

Executive Board:

.....
Steffen Ulrik Jacobsen

Board of Directors:

.....
Jacques Marie Joseph Narcisse
d’Armand de Chateauvieux
(Chairman)

.....
Christian Franck Lefevre

.....
Steffen Ulrik Jacobsen

Independent auditor's report

To the shareholder of Evergas Shipholding A/S

Opinion

We have audited the financial statements of Evergas Shipholding A/S for the financial year 1 January – 31 December 2019, which comprise the income statement, balance sheet 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 December 2019 and of the results of its operations for the financial year 1 January 2019 – 31 December 2019 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss of USD 1.9 million during the year ended 31 December 2019 and, as of that date, the Company has negative equity by USD 48.4 million. The Company is without any operation as of 31 December 2019, and the Board is currently considering the future of the Company. These matters indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. As stated in Note 1, consistent with previous years, the Company is financed by group companies, and Management of the Company expects that such funding will continue in 2020 even though no commitments have been provided by group companies in this respect. Our opinion is not modified in respect of this matter.

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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 in the audit or otherwise appears to be materially misstated.

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

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

Copenhagen, 4 June 2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Business Registration No 33 96 35 56

Kim Takata Mücke

State-Authorised

Public Accountant

MNE no 10944

Martin Pieper

State-Authorised

Public Accountant

MNE no 44063

Financial Highlights

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------|----------|----------|----------|----------|----------|
| Key figures (in 000'USD) | | | | | |
| Gross loss | (1,379) | (8,506) | (8,686) | (12,635) | (8,076) |
| Net financials | (548) | (763) | (540) | (426) | (356) |
| Net loss for the year | (1,928) | (9,221) | (9,221) | (13,039) | (8,340) |
| Equity at year end | (48,414) | (46,486) | (37,266) | (28,045) | (15,006) |
| Total assets | 11,210 | 12,833 | 21,465 | 6,124 | 6,397 |
| Investments in tangible assets* | 0 | 0 | 0 | 0 | 0 |

*There were no investments in new-buildings of vessels during the period 2015 - 2019

Management's review

Business activities and mission

The objectives of the Company has been to carry out shipping business.

Business review

The Company's result for 2019 is a loss of USD 1,927,816 against a loss of USD 9,220,682 in 2018. The Company's balance sheet at 31 December 2019 shows an equity of USD (48,414,074). The equity at 31 December 2018 was (46,486,258).

The result for 2019 is slightly lower than expected due to lower freight rate levels and lower utilization of the vessels than expected up till the sale of the vessels.

Going concern assessment

For a description of the going concern assessment at 31 December 2019, refer to note 1.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any significant uncertainty.

Subsequent events

After the sale of the LEG vessels during 2019, the Company is currently without activity and the Board is therefore considering future plans for the Company, including how and when a recapitalization of the Company may take place.

Accounting policies

The annual report of Evergas Shipholding A/S has been prepared in accordance with the provisions applying to reporting class "C" medium enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Cash flow statement

In accordance with § 86 Evergas Shipholding has not prepared a cash-flow statement. Reference is made to the consolidated cash-flow statement of Evergas A/S in the annual report of the parent company Evergas A/S.

Reporting currency

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the Company, which is also USD. The exchange rate between USD/DKK per 31 December 2019 was 6.68 against 6.52 per 31 December 2018.

Foreign currency retranslation

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Income statement

Revenue and voyage expenses

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 Company
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, charter hire and demurrage revenues from the vessel. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services 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 that the Company 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.

Cross-over voyages

Revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. For cross-over voyages (voyages in progress at the end of a reporting period), the uncertainty and the dependence on estimates are greater than for finalized voyages. The Company recognizes a percentage of the estimated

Accounting policies - continued

revenue at the balance sheet date. The estimate of revenue is based on the expected duration and destination of the voyage.

When recognizing revenue, there is a risk that the actual number of days it takes to complete the voyage will differ from the estimate, and for time charter parties a lower day rate may have been agreed for additional days. The contract for a single voyage may state several alternative destination ports. The destination port may change during the voyage, and the rate may vary depending on the destination port. Changes to the estimated duration of the voyages as well as changing destinations and weather conditions will affect the revenue.

Demurrage revenue

Freight contract contain conditions regarding the amount of time available for lading and discharging of the vessel. If these conditions are breached, the Company is compensated for the additional time incurred in the form of demurrage revenue. Demurrage revenue is recognized upon delivery of services in accordance with the terms and conditions of the charter parties. Upon completion of the voyage, the Company assesses the time spend in port, and a demurrage claim based on the relevant contractual conditions is submitted to the charterers.

The claim will often be met by counterclaims due to differences in the interpretation of the agreement compared to the actual circumstances of the additional time used. Any adjustment to the final agreement is recognized as demurrage revenue.

Other external expenses

Other external expenses include expenses related to sales, administration, etc.

Gross loss

With reference to section 32 of the Danish Financial Statements Act, the items Revenue through other external expenses are combined into one line item designated Gross loss.

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, exchange gains and losses, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme etc.

Tax

Tax for the year includes current tax on the year's expected taxable income according to Tonnage Tax Scheme.

The parent and all Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

The parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the parent is responsible for ensuring that corporate taxes, etc. are paid to the Danish tax authorities.

Accounting policies - continued

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a minimum, a surcharge to the management company.

Balance sheet

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Receivables

Trade receivables, etc., are measured at the lower of amortized cost and net realizable value, based on an assessment of the individual receivable.

Prepayment

Prepayments recognized under 'assets' comprise prepaid costs to be expensed in subsequent reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances.

Equity

Dividends proposed for the reporting period are presented as a separate item under 'Equity'.

Income taxes

Income taxes is calculated according to the regulations of the Danish Tonnage Tax Act for shipping activities and according to general tax regulation for net financial income. Shipping activities are taxed on the basis of the net tonnage at disposal.

Provisions

Provisions comprise anticipated losses on onerous contracts and time charter agreements, etc. Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realizable value. If the obligation is expected to be settled far into the future, the obligation is measured at net present value.

Financial liabilities

Financial liabilities are recognized initially at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

Other liabilities

Other payables are measured at amortized cost, which essentially corresponds to the fair value.

Accounting policies - continued

Deferred income

Deferred income recognized as a liability comprises payments received to be recognized as income within the next year.

Income statement

1 January – 31 December 2019

| | Notes | 2019 USD | 2018 USD |
|--------------------------------------|-------|---------------------------|---------------------------|
| Gross loss | | <u>(1,379,491)</u> | <u>(8,506,494)</u> |
| Loss before net financials | | <u>(1,379,491)</u> | <u>(8,506,494)</u> |
| Other financial income | 4 | 2,904 | 24,785 |
| Other financial expenses | 5 | <u>(551,229)</u> | <u>(787,903)</u> |
| Loss before tax | | (1,927,816) | (9,269,612) |
| Tax for the year | 6 | <u>0</u> | <u>48,930</u> |
| Net loss for the year | | <u>(1,927,816)</u> | <u>(9,220,682)</u> |
| | | | |
| Proposed distribution of loss | | | |
| Transferred to retained earnings | | <u>(1,927,816)</u> | <u>(9,220,682)</u> |
| Total appropriation | | <u>(1,927,816)</u> | <u>(9,220,682)</u> |

Balance sheet
at 31 December

| | Notes | 2019 USD | 2018 USD |
|------------------------------------|-------|---------------------------------|---------------------------------|
| Assets | | | |
| Current assets | | | |
| Inventories | | <u>0</u> | <u>1,871,902</u> |
| Inventories | | <u>0</u> | <u>1,871,902</u> |
| Trade receivables | | 0 | 422,826 |
| Receivables from group enterprises | | 11,198,601 | 6,312,488 |
| Other receivables | | <u>0</u> | <u>4,184,878</u> |
| Receivables | | <u>11,198,601</u> | <u>10,920,192</u> |
| Cash and cash equivalents | | <u>11,570</u> | <u>40,412</u> |
| Total current assets | | <u>11,210,171</u> | <u>12,832,506</u> |
| Total assets | | <u><u>11,210,171</u></u> | <u><u>12,832,506</u></u> |

Balance sheet
at 31 December

| | Notes | 2019 USD | 2018 USD |
|-------------------------------------|-------|-----------------------------|----------------------------|
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 92,935 | 92,935 |
| Accumulated loss | | <u>(48,507,009)</u> | <u>(46,579,193)</u> |
| Total equity | | <u>(48,414,074)</u> | <u>(46,486,258)</u> |
| Non-current Liabilities | | | |
| Other provisions | 7 | <u>0</u> | <u>5,944,627</u> |
| Non-current liabilities | | <u>0</u> | <u>5,944,627</u> |
| Liabilities | | | |
| Payables to group enterprises | 8 | <u>14,549,702</u> | <u>20,313,693</u> |
| Long-term liabilities | | <u>14,549,702</u> | <u>20,313,693</u> |
| Trade payables | | 325,279 | 3,250,869 |
| Payables to group enterprises | 8 | 44,633,168 | 29,208,892 |
| Other payables | | 116,096 | 250,244 |
| Deferred income | | <u> </u> | <u>350,439</u> |
| Short-term liabilities | | <u>45,074,543</u> | <u>33,060,444</u> |
| Total liabilities | | <u>59,624,245</u> | <u>59,318,764</u> |
| Total equity and liabilities | | <u>11,210,171</u> | <u>12,832,506</u> |
| | | | |
| Going concern | 1 | | |
| Revenue | 2 | | |
| Employee expenses | 3 | | |
| Related parties | 9 | | |

Statement of changes in equity

| | <i><u>Share capital</u></i> | <i><u>Accumulated loss</u></i> | <i><u>Total</u></i> |
|-----------------------|-----------------------------|------------------------------------|---------------------|
| Equity at 1/1 2019 | 92,935 | (46,579,193) | (46,486,258) |
| Transfer for the year | <u>0</u> | <u>(1,927,816)</u> | <u>(1,927,816)</u> |
| Equity at 31/12 2019 | <u>92,935</u> | <u>(48,507,009)</u> | <u>(48,414,074)</u> |

Notes

Note 1. Going concern

Evergas Shipholding A/S has generated a net loss of USD 1,928 thousand for 2019, as a result of the low market rates within the gas transportation market, combined with a higher fixed time charter hire to lessor. The sale of the LEG vessels in 2019 has ceased the onerous operations. The Company is without any operation as of 31 December 2019, and the Board is currently considering the future of the Company

Equity at 31 December 2019 is negative by USD 48,414 thousand compared to a negative equity of USD 46,486 thousand at 31 December 2018.

The Company is financed by group companies, and Management of the Company expects that such funding will continue in 2020 even though no commitments have been provided by group companies in this respect. The intercompany arrangement is without any limits, and the arrangement does not include any specific payback arrangement. The current intercompany arrangements allows the Company to pay external liabilities as they fall due.

Based on above mentioned circumstances, Management has prepared the financial statements for 2019 based on the going concern assumption.

Note 2. Revenue

The Company is carrying on shipping business worldwide. In accordance with §96 in the Danish Financial Statements act and for competitive reasons, the company does not disclose a revenue split on geographic or business segments.

Note 3. Employee expenses

No wages and salaries were paid during the financial year as the Company has no employees.

The Board of Directors have not received remuneration in 2018 and 2019. According to the Danish Financial Statements Act § 98b, the total remuneration to the Executive Board is not disclosed.

Note 4. Other financial income

| | 2019 USD | 2018 USD |
|--|---------------------|----------------------|
| Other interest receivable, currency gains etc. | <u>2,904</u> | <u>24,785</u> |
| | <u><u>2,904</u></u> | <u><u>24,785</u></u> |

Notes – continued

Note 5. Other financial expenses

| | | |
|-------------------------------------|----------------|----------------|
| Interest expense, group enterprises | 548,496 | 778,969 |
| Other financial expenses | <u>2,733</u> | <u>8,934</u> |
| | <u>551,229</u> | <u>787,903</u> |

Note 6. Tax for the year

The taxable income for 2019 is marginal, as the Company is under the Danish Tonnage tax regime.

The Company is jointly taxed with its parent, Evergas A/S, which acts as management company, and is jointly liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

Note 7. Onerous contracts

Provisions comprise anticipated losses on onerous contracts and time charter agreements.

There are no provisions as of 31 December 2019 following the sale of the vessels in 2019.

Note 8. Payables to group enterprises

Breakdown of payable to group by long-term and short-term liabilities:

| | <u>Falling due between 1 and 5 years</u> | <u>Falling due within 1 year</u> | <u>Total</u> |
|-------------------------------|--|--------------------------------------|-------------------|
| Payables to group enterprises | <u>14,549,702</u> | <u>44,633,168</u> | <u>59,182,870</u> |
| | <u>14,549,702</u> | <u>44,633,168</u> | <u>59,182,870</u> |

Notes – continued

Note 9. Related parties

Related parties include the parent company Evergas A/S, Kalvebod Brygge 39-41, Copenhagen DK-1560, which holds the entire share capital in the Company.

The Company is included in the consolidated financial statements of the largest and smallest group:

Jaccar Holding SAS, 148 rue Sainte, F-13007 Marseille

Evergas A/S, Kalvebod Brygge 39-41, Copenhagen DK-1560

| Related party transactions | 2019 | 2018 |
|------------------------------------|-------------|-------------|
| | USD | USD |
| Group | | |
| Management fee | 507,308 | 932,669 |
| Interest expense | 548,496 | 778,969 |
| Receivables from group enterprises | 11,198,601 | 6,312,488 |
| Payables to group enterprises | 59,182,870 | 49,522,585 |