2020
Annual Report Ultragas ApS

Ultragas ApS | Smakkedalen 6 |2820 Gentofte, Denmark | CVR.no. 34 09 34 82

Approved on the annual general meeting 30 March 2021

Bent Jensen - Chairman of the meeting

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ABOUT ULTRAGAS

Principal activities

Ultragas ApS' (Ultragas) prime activity is to perform fully integrated management of LPG/Chemical Gas Carriers in worldwide trade as well as to engage in other related activities.

Ultragas is based in Copenhagen with the primary purpose of undertaking full commercial and operational management of a fleet of gas tankers owned by the Ultranav Group.

Ultragas operates under the rules of the Danish Tonnage Tax Scheme.

A wholly owned subsidiary, UltraShip ApS (UltraShip), is entrusted with the technical management of the fleet and in addition offers technical supervision/management for affiliated companies in the Ultranav Group.

Vision statement

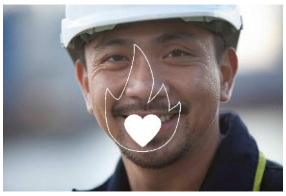
We aspire to build and operate the best platform of shipping services for the development and success of our clients, employees and communities.

A PARTNER YOU CAN TRUST

Core Values

Excellence

We constantly measure, analyse and adjust in order to enhance quality.



Passion

We address challenges with passion and positive commitment.

Integrity

We are committed to being reliable, trustworthy, and dependable.

Safety

We are committed to developing and stimulating a safe working culture onboard ships and ashore.

Performance and result for the year

In 2020, Ultragas operated 18 LPG carriers ranging in size from 3,500 to 22,000 cbm, all of which are semi-refrigerated vessels and 8 of them are capable of carrying ethylene.

All vessels were bareboat chartered from related companies in the Ultranav Group and the fleet size of 18 vessels remained unchanged during the year.

The fleet was engaged in both regional and international trades during 2020 transporting LPG and various petrochemical gasses.

The commercial operation of the 11 vessels up to 12,000 cbm, including 8 vessels carrying ethylene, is performed by Unigas International BV (Unigas) in Rotterdam, an associated company which is owned equally by Ultragas and two partners. Unigas is a leading operator in the segment up to 15,000 cbm and operated a total of 36 LPG and ethylene carriers at the end of 2020.

The handysize fleet (vessels between 15,000-25,000 cbm) is commercially operated by own inhouse organisation. By the end of the 2020, Ultragas operated 7 handysize vessels, which made Ultragas the second largest operator in that segment.

The activities of Ultragas produced a net loss of USD 6.1 million (2019: loss of USD 13.7 million) which is lower than expected and is largely because of depressed market conditions, where earnings have fallen short of the bareboat hires payable.

The Covid-19 caused delay in start-up of new export projects and some disruption to existing trade patters which combined have delayed the expected market recovery. Covid-19 made normal and efficient crew changes difficult and increased the overall crewing cost, however, operating costs of the fleet were held at budgeted levels.

Ultragas received a capital contribution of USD 5.8 million from its parent company Ultranav Denmark ApS. Including this, the equity amounted to USD 119 thousand at 31 December 2020.

Four vessels were drydocked in 2020. While docked, scrubbers were installed on two of the vessels.

The gas shipping market developed positively during the year, partly due to increased exports of LPG from especially US, but negatively affected by irregular volumes of petrochemical gasses being transported in especially the Unigas segment.

Overall utilisation of the handysize fleet improved during 2020 and Ultragas entered 2021 with full fleet employment and improvements in rate levels. The Unigas market remained stable during 2020, but is still negatively impacted by idle time.

Outlook

Covid-19 unfortunately delayed the expected market recovery in 2020 as a number of new export facility projects have been postponed to 2021, mainly due to delay in construction work.

However, the demand for gas carriers is positively supported by a relatively high average age for gas vessels, especially in the segment of vessel below 15,000 cbm, combined with a very limited order book for semi-refrigerated vessels and an expected continued growth in supply of LPG – mainly driven by increased US production and stable to increasing demand for transport of petrochemical gases, supported by a growing global economy.

Further, growing long-haul petrochemical shipments are expected to directly and indirectly support both Unigas and the handysize segment, and fleet utilisation is expected to improve during 2021.

Additional exports of shale-based LPG from North America, stimulated by higher oil prices, may influence fleet utilisation and charter rates positively.

Ultragas expects a positive result in 2021.

To secure the operation, Ultragas has credit facilities available through intra-group arrangements. The parent company, Ultranav Denmark ApS, has confirmed that it will provide liquidity to Ultragas, as may be necessary for Ultragas to meet its obligations as they fall due. This commitment is valid until 1 January 2022.

Health, safety and environment

A safe operation including the safety and well-being of the employees has high priority and Ultragas strives to continuously provide and enhance healthy and high quality working conditions.

Efforts to standardise and improve processes continued during the year and our inhouse technical shipmanager, UltraShip, was able to maintain a stable safety and incident record during 2020.

We believe that our continued investments in UltraShip, our inhouse technical ship manager, and continued investment in safety training of our organisation at sea and at shore, have been major factors to achieving this ongoing positive development. Ultragas maintains its focus on environmental issues in an effort to further reduce the fleet's emissions and improve optimisation systems and equipment impacting the environment.

Via UltraShip, investment continued in IT systems, training and real time data collection from a growing number of vessels leading to visible improvements in the vessels speed and consumption performance. Further, an increasing amount of quality data is being used actively in various commercial and operational optimisation decisions.

The staff is a core asset and it is important for Ultragas to retain qualified and motivated employees. Significant efforts are continuously being made to develop individual and collective talents and capabilities.

14 of the 18 vessels in the Ultragas fleet are registered with the Danish International Register of Shipping (DIS). Through its membership of Danish Shipping, Trident Alliance (Enforcement of environmental regulations) and MACN (Maritime Anti-Corruption Network), Ultragas actively pursues and promotes high standards of ethics and commitment to environmental protection.

Corporate Governance

UltraShip is part of the Ultranav Group. Ultranav continues to aspire to be a fair and trustworthy partner. Our mission statement **"A partner you can trust"** applies to all areas of activities and cooperation and in relation to all stakeholders.

It is important for Ultragas as well as the Ultranav Group that activities are planned and executed in a responsible and reliable manner and with a sound and sustainable balance between the considerations for the surrounding society, respect for the environment, the well-being of employees, and the need for commercial development.

Corporate Social Responsibility

The parent company, Ultranav Denmark ApS, reports on all CSR activities in accordance with the requirements in the Danish Financial Statements Act §99a. The report covers Ultrabulk A/S, Ultragas ApS, UltraShip ApS and Ultranav Business Support ApS. The report is published online and is available on our website:

Ultragas.dk/content/csr

Gender composition

According to the requirements in Danish Financial Statement Act § 99b, Ultragas must report on gender composition in the management. Ultragas applies a policy stating that gender composition of management shall reflect the gender balance of society as a whole – with due regard to the specific conditions in the shipping business. Ultragas policy states and ensures equal career opportunities for men and women and is actively used as a tool for recruiting and working with both genders, and equality in general. In the recruiting processes, it is the target to have both genders presented in the final stage of selection.

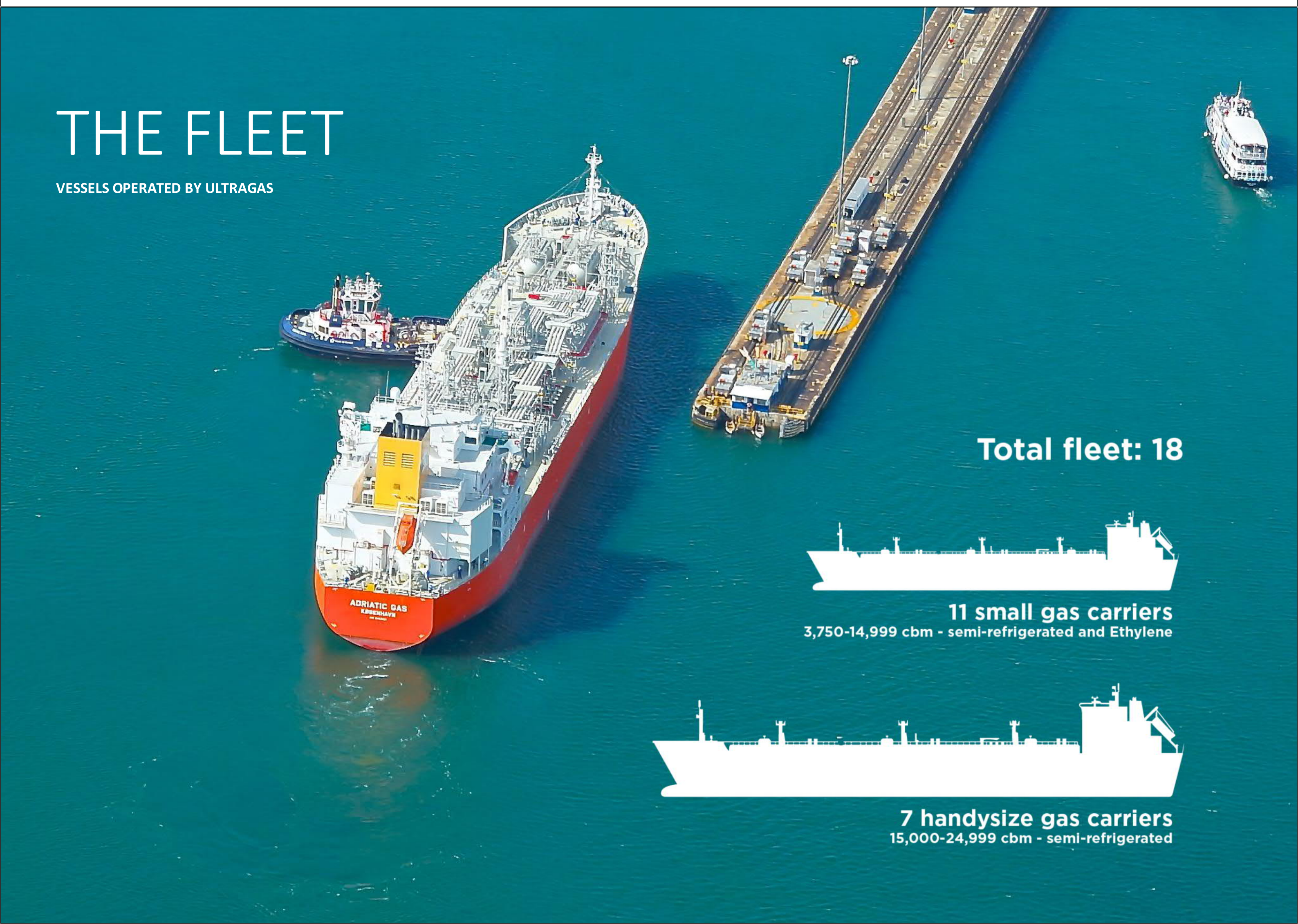
With regards to the composition of Board of Directors, a target was set in 2019 to appoint at least one female member by the end of 2020. This target was not achieved as it proved to be too ambitious considering the time frame and the female representation in the shipping industry in general.

The Board of Directors comprise of three male members at the end of 2020.

Looking forward, our renewed ambition is that a female member of the Board of Directors will be appointed within four years from now, which is by the end of 2024.

Subsequent events

No significant events have occurred after the balance sheet date that materially affects the financial position of the Company.



PART OF A LARGE AND DIVERSIFIED SHIPPING GROUP

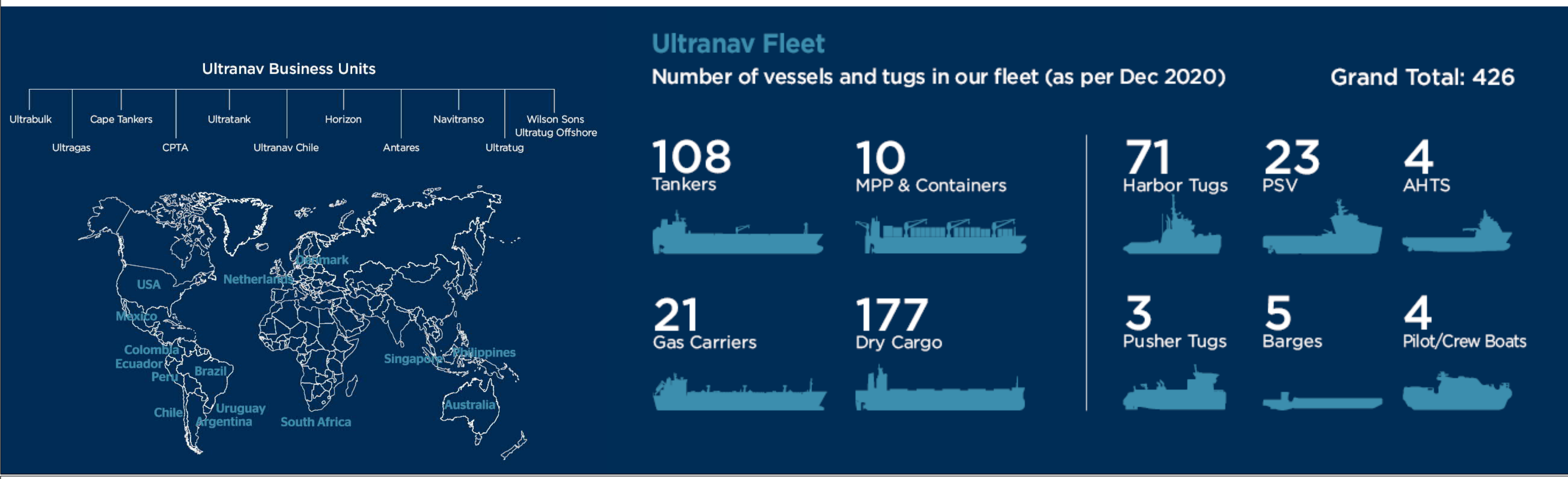
The Ultranav Group

A PARTNER YOU CAN TRUST

Ultragas is part of the Ultranav Group. Ultranav is a privately owned shipowning and operating company with offices in 15 countries.

Through eleven business units, Ultranav operates in five market segments: Oil, gas, dry bulk, coastal trades, and towage & offshore. Ultranav operates a fleet of gas and chemical carriers, tankers for crude oil and clean petroleum products, bulk carriers, feeder container ships, multipurpose vessels, harbour tugs, PSVs, AHTS, pusher tugs, barges and pilot boats.

Ultranav is focused on providing efficient, safe and environmentally friendly maritime transportation, harbour towage and maritime support services to the mutual benefit of its customers, employees and all relevant stakeholders.



KEY FIGURES & RATIOS

KEY FIGURES (USD '000)	2020	2019	2018	2017	2016
INCOME STATEMENT					
Revenue	105,878	102,973	105,317	95,751	106,665
Gross profit (Net earnings from shipping activities)	-1,055	-8,358	-2,539	-17,036	-5,078
Operating loss before depreciation, amortization, and impairment (EBITDA)	-4,849	-12,102	-5,699	-20,347	-9,190
Financial items, net	-1,174	-1,616	-1,422	-1,028	-864
Profit/(loss) for the year	-6,111	-13,650	-7,173	-21,547	-10,128
STATEMENT OF FINANCIAL POSITION					
Current assets	13,454	18,904	17,938	12,767	19,606
Total assets	15,092	20,437	19,288	14,218	20,921
Equity	119	204	355	3,815	12,277
Current liabilities	9,523	11,574	8,998	8,366	8,644
CASH FLOW					
Net cash flows from operating activities	32	-11,319	-11,097	-14,977	-6,658
Net cash flows from investing activities	-912	-1,072	-1,354	-1,177	-715
- Portion relating to investment in property, plant and equipment	-	-	-	*15*	-
Net cash flows from financing activities	2,333	11,941	11,583	14,965	-29
Net cash flow	1,453	-450	-868	-1,189	-7,402
FINANCIAL RATIOS					
Operating margin before depreciation, amortization, and impairment loss (EBITDA margin)	-4.6	-11.8	-5.4	-21.2	-8.6
Solvency ratio	0.8	1.0	1.8	26.8	58.7
US$/DKK rate at year end	605.76	667.59	651.94	620.77	705.28
Average US$/DKK rate	653.43	667.03	631.74	659.53	673.27
Average number of employees on shore	11	12	11	9	9
Average number of crew on vessels	400	413	405	335	290

STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ultragas ApS for the financial period 1 January – 31 December 2020.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and its financial position.

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

Copenhagen, 19 March 2021

EXECUTIVE MANAGEMENT

Martin Fruergaard
CFO

BOARD OF DIRECTORS

Dag von Appen
Chairman

Jan Vermeij

Peter Stokes

Raimundo Sanchez

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Ultragas ApS

Opinion

We have audited the financial statements of Ultragas ApS for the financial year 1 January – 31 December 2020, which comprise income statement, cash flow statement, balance sheet, statement of changes in equity, and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.
- 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 note 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.

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 19 March 2021

EY
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Thomas Bruun Kofoed
State Authorised Public Accountant
MNE no. 28677

Tommy Borggaard Nielsen
State Authorised Public Accountant
MNE no. 34340

INCOME STATEMENT AND CASH FLOW STATEMENT

Profit or loss

Figures in USD '000	Note	2020	2019
Revenue		105,878	102,973
Voyage related expenses and operating costs of vessels	2	-59,434	-62,876
Bare-boat hire		-47,499	-48,455
Gross profit (Net earnings from shipping activities)		**-1,055**	**-8,358**
Other external expenses		-1,443	-1,523
Staff costs	2	-2,351	-2,221
Operating loss before depreciation, amortization, and impairment (EBITDA)		**-4,849**	**-12,102**
Depreciation	3	-	-1
Operating loss (EBIT)		**-4,849**	**-12,103**
Share of result in subsidiaries and associates	4	-883	-967
Other financial items, net	5	-291	-649
Loss before tax		**-6,023**	**-13,719**
Tax	6	-88	69
Net loss	7	**-6,111**	**-13,650**

Cash flow statement

Figures in USD '000	Note	2020	2019
Profit/(loss) before tax		-6,023	-13,719
Tax paid		29	-25
Adjustment for non-cash operating items	14	1,141	1,649
Change in working capital	15	4,885	776
Net cash flows from operating activities		**32**	**-11,319**
Investments in subsidiaries		-1,200	-1,200
Dividend received		288	128
Net cash flows from investing activities		**-912**	**-1,072**
Free cash flow		**-880**	**-12,391**
Capital contribution		5,800	13,500
Loan from related parties		-3,209	-1,190
Interest received /(paid)		-258	-369
Net cash flows from financing activities		**2,333**	**11,941**
Net cash flow		**1,453**	**-450**
Cash and cash equivalents at 1 January		173	623
Net change in cash and cash equivalents		1,453	-450
Cash and cash equivalents at 31 December		**1,626**	**173**

BALANCE SHEET

Assets

ASSETS *Figures in USD '000*	Note	2020	2019
Fixtures, fittings, and equipment	8	-	-
Tangible assets		**-**	**-**
Investment in associates	9	1,411	1,280
Investment in subsidiaries	10	134	152
Other financial assets		93	101
Financial assets, non-current		**1,638**	**1,533**
Non-current assets		**1,638**	**1,533**
Inventories		1,991	2,521
Trade and other receivables	11	8,659	14,756
Prepayments		1,036	1,424
Income tax receivable		-	30
Derivative financial instruments		142	-
Cash and short-term deposits		1,626	173
Current assets		**13,454**	**18,904**
TOTAL ASSETS		**15,092**	**20,437**

Equity and liabilities

EQUITY AND LIABILITIES *Figures in USD '000*	Note	2020	2019
Share capital	12	37	37
Cash flow hedge reserves		142	-
Retained earnings		-60	167
Total equity		**119**	**204**
Intercompany loan		5,450	8,659
Non-current liabilities		**5,450**	**8,659**
Trade and other payables	13	9,436	11,574
Income tax payable		87	-
Current liabilities		**9,523**	**11,574**
Total liabilities		**14,973**	**20,233**
TOTAL EQUITY AND LIABILITIES		**15,092**	**20,437**

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STATEMENT OF CHANGES IN EQUITY

Figures in USD '000	Share capital	Cash flow hedge reserves	Retained earnings	Total
At 1 January 2020	**37**	**-**	**167**	**204**
Capital contribution	-	-	5,800	5,800
Foreign currency adjustments related to associates	-	-	84	84
Reserve for cash flow hedge	-	142	-	142
Profit /(Loss) for the year	-	-	-6,111	-6,111
At 31 December 2020	**37**	**142**	**-60**	**119**

Figures in USD '000	Share capital	Cash flow hedge reserves	Retained earnings	Total
At 1 January 2019	**37**	**-22**	**340**	**355**
Capital contribution	-	-	13,500	13,500
Foreign currency adjustments related to associates	-	-	-23	-23
Reserve for cash flow hedge	-	22	-	22
Profit /(Loss) for the year	-	-	-13,650	-13,650
At 31 December 2019	**37**	**-**	**167**	**204**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – Accounting policies and significant accounting estimates

The annual report of Ultragas ApS for 2020 has been prepared in accordance with the provisions applying to reporting class large C enterprises under the Danish Financial Statements Act.

The financial statements have been prepared under the going concern assumption, cf. note 21.

The Company does not prepare a consolidated financial statements, in accordance with §112 para 1 of the Danish Financial Statement Act, as the Company and its subsidiary are included in the consolidated financial statements of Ultranav Denmark ApS. Audit fee is disclosed in the consolidated financial statements.

The Company's business is primarily based on the US Dollar. All income in the form of freight income is in US Dollar, and most costs are in US Dollars as well. Based on this, the company has designated the US Dollar as its functional and reporting currency. Consequently, all amounts are recognized in US Dollar. For 2020 the average USD/DKK rate of exchange was 653.43 and the closing rate on 31 December 2020 was 605.76.

Remuneration to management is not disclosed, cf. §98b para 3 of the Danish Financial Statements Act.

The accounting policies are consistent with those for last year.

Recognition and measurement

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

On initial recognition assets and liabilities are measured at cost. Measurement of assets and liabilities after initial recognition is effected as described below for each item.

In recognition and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement when earned. Furthermore, costs incurred to achieve earnings for the year are recognised in the income statement including depreciation, amortization, impairment losses and provisions as well as reversal of entries as a result of changed accounting estimates, which were formerly recognised in the income statement.

Foreign currency translation

On initial recognition. transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or financial expenses.

INCOME STATEMENT

Revenue

The revenue reflects the income earned by vessels which are commercially operated by Ultragas' own in-house organization as well as earnings by vessels which are commercially operated by Unigas International ("Unigas").

For vessels on time charter and bareboat contracts, income is recognized upon delivery of the services in accordance with the charter parties concluded.

Earnings from vessels commercially operated by Unigas

The aggregated gross earnings in Unigas have been adjusted for general expenses, insurance premiums, bad debt losses, financial charges, interest and foreign exchange variances.

The functional currency of Unigas is US Dollars. Conversions of other currencies have been accounted for and translated into US Dollars and advances and/or final settlements towards individual members have been affected in this currency.

The total voyage results have been translated into US Dollars at fixed accounting rates which, during the year, were updated monthly.

All accounts receivable and liabilities other than in US Dollars have been converted at the exchange rate ruling at the balance sheet date.

Voyage related expenses
Voyage related expenses include bareboat hire, bunker expenses, port expenses, towage. agency fee, survey, stevedoring, and cleaning as well as other expenses incidental to the commercial operation of the vessels and are recognized at a percentage of completion basis.

Operational and crewing related cost
Operating expenses and crewing costs include costs incidental to the technical and crewing management of the vessels and are recognized as accrued.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for Company management and administration, including expenses for administrative staff, management, office premises, office expenses and depreciation. Administrative expenses are presented in the Income Statement as “Staff costs” and “Other external expenses”, respectively.

Financial income and expenses
Financial income and expenses comprise interest income and expense as well as exchange rate differences from transactions denominated in foreign currencies.

Tax on profit/loss for the year
Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to amounts directly recognized in equity is recognized directly in equity. The tax expense recognized in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

BALANCE SHEET

Property. plant and equipment
Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings. tools and equipment. 3-5 years

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price deducted the selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as depreciation.

Leases
Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognized in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognized in the balance sheet as a liability, and the interest element of the lease payment is recognized in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases leases are recognized in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies. etc.

Financial assets
Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the enterprises’ net asset value calculated in accordance with the Company’s accounting policies.

Inventory
Inventories comprise inventories of bunker and lubricant oil on board the vessels. Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

Receivables
Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realizable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments
Prepayments comprise costs incurred in relation to subsequent financial years.

Equity – dividends
Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Equity – cash flow hedge reserve
Cash flow hedges, which are regarded as hedging instruments, are measured at fair value and changes in fair value is recognised directly in equity. The change in fair value is disclosed as a separate item under equity.

Corporation tax and deferred tax
Ultragas is jointly taxed with the parent company Ultranav Denmark ApS and the parent company is the administration company for the jointly taxed companies. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. In relation to the shipping activities Ultragas participates in the Danish Tonnage Tax Scheme. Companies that use tax losses in other companies pay the joint tax contribution to the parent company at an amount corresponding to the tax value of the tax losses used. Companies whose tax losses are used by other companies receive joint tax contributions from the parent company corresponding to the tax value of the losses used (full absorption). The jointly taxed companies are taxed under the tax prepayment scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognized in the income statement. Tax attributable to entries directly under comprehensive income is recognized directly in equity.

Liabilities other than provisions
Financial liabilities which comprise trade payable and payables to associated companies are initially recognized at the net proceeds received less transaction costs paid. In subsequent periods. the financial liabilities are measured at amortised cost, corresponding to the capitalized value using the effective interest rate. Accordingly. the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are readily convertible to cash and are subject to an insignificant risk of changes in value.

Cash flow statement
The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest payments on loans, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not classified as cash and cash equivalents.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans. repayment of interest-bearing debt and leases, interest payments on loans, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Significant accounting estimates
The Company has chartered all vessels from affiliated companies in the Ultranav Group. At 31 December 2020, Management has assessed that the lease contracts are not onerous, hence no provision has been recognized. The assessment is sensitive to freight rates and idle time and adverse changes in freight rate expectations could result in recognition of onerous contract provisions.

Note 2 – Staff costs

Staff costs, onshore employees:
The staff cost to onshore employees are recognized under staff costs in the income statement.

Figures in USD '000	2020	2019
Fixed salaries	-2,144	-2,013
Pensions - defined contribution plan	-139	-130
Other staff expenses	-68	-78
Staff costs, onshore employees	**- 2,351**	**-2,221**
Average number of employees (FTEs)	11	12

Staff costs, crew on vessels:
Staff costs to crew on vessels are a direct cost related to the operating costs of vessels. Therefore, the staff costs to crew is recognized in Voyage related expenses and operating costs of vessels in the income statement.

Figures in USD '000	2020	2019
Crew salaries	-19,317	-20,107
Staff costs, crew on vessels	**-19,317**	**-20,107**
Average numbers of crew on vessels (FTEs)	400	413

Note 3 – Depreciation

Figures in USD '000	2020	2019
Fixtures. fittings. and equipment	-	-1
Depreciation	**-**	**-1**

Note 4 – Shares of result in subsidiaries and associates

Figures in USD '000	2020	2019
Share of result in subsidiaries	-1,218	-1,245
Share of result in associates	335	278
Share of result in subsidiaries and associates	**-883**	**-967**

Note 5 – Financial items, net

Figures in USD '000	2020	2019
Interest income /(expense)	-1	7
Foreign exchange income /(expense)	29	-287
Interests to related parties, net	-311	-340
Other financial items, net	-8	-29
Financial items	**-291**	**-649**

Note 6 – Tax

Figures in USD '000	2020	2019
Current tax on profit for the year	-87	69
Tax on profit for the year	**-87**	**69**
Adjustments related to previous years - current tax	-1	-
Tax in the income statement	**-88**	**69**

Note 7 – Allocation of result

Figures in USD '000	2020	2019
Proposed profit/loss appropriation:		
Transferred to retained earnings	-6,111	-13,650
	-6,111	**-13,650**

Note 8 – Fixtures, fittings and equipment

Figures in USD '000	2020	2019
Cost at 1 January	102	102
Cost at 31 December	**102**	**102**
Depreciations at 1 January, accumulated	-102	-102
Depreciations for the year	-	-
Depreciations at 31 December, accumulated	**-102**	**-102**
Carrying amount at 31 December	**-**	**-**

Note 9 – Investments in associates

Figures in USD '000	2020	2019
Cost at 1 January	392	392
Cost at 31 December	**392**	**392**
Value adjustment at 1 January	888	761
Correction to previous years result	-	7
Exchange rate adjustment	84	-23
Dividends received	-288	-128
Share of the results for the year	335	271
Value adjustment at 31 December	**1,019**	**888**
Carrying amount at 31 December	**1,411**	**1,280**

Investments in associates comprise the following:

Unigas International B.V., Rotterdam, owner's share 33%
UltraShip Crewing Philippines Inc., Philippines Inc., owner’s share 25%

Note 10 – Investments in subsidiaries

Figures in USD '000	2020	2019
Cost at 1 January	11,196	9,996
Capital contributions	1,200	1,200
Cost at 31 December	**12,396**	**11,196**
Value adjustment at 1 January	-11,044	-9,799
Share of the results for the year	-1,218	-1,245
Value adjustment at 31 December	**-12,262**	**-11,044**
Carrying amount at 31 December	**134**	**152**

Investments in subsidiaries comprise the following:

Ultraship ApS, Gentofte, Denmark, owner's share 100%

Note 11 – Trade and other receivables

Figures in USD '000	2020	2019
Receivables from related companies	57	229
Trade receivables	8,186	13,550
Insurance claims	416	977
Total	**8,659**	**14,756**

Note 12 – Share capital

The share capital comprises 21,000 shares of DKK 10 each (translated at USD 37 thousand). All shares rank equally.

There have been no changes in the share capital since founding of the company in 2011.

Note 13 – Trade and other payables

Figures in USD '000	2020	2019
Payables to related companies	1,262	3,593
Accruals and prepayments received from customers	2,162	4,238
Trade payables	5,426	3,163
Other payables	586	580
Total	**9,436**	**11,574**

Note 14 – Adjustment for non-cash operating items (cash flow)

Figures in USD '000	2020	2019
Depreciation	-	1
Share of gain/loss in subsidiaries and associates	883	967
Interest expenses, reclassified to cash flow from financing activities	258	369
Other non-cash operating items	-	312
Total adjustment for non-cash operating items	**1,141**	**1,649**

Note 15 – Changes in working capital (cash flow)

Figures in USD '000	2020	2019
Changes in receivables and prepayments	6,493	-436
Changes in inventories	530	-1,044
Changes in liabilities	-2,138	2,256
Total change in working capital	**4,885**	**776**

Note 16 – Contractual obligations

All vessels in the Ultragas fleet are bareboat chartered from related companies in the Ultranav Group. The table below shows the contractual lease obligations for those vessels:

Figures in USD '000	2020	2019
Vessel related lease obligations		
Within one year	39,885	47,508
Between 1 - 5 years	135,800	147,242
More than 5 years	55,958	87,354
Total	**232,064**	**282,104**

Other contractual obligations relates to a service agreement comprising of USD 810 thousand which are falling due within 1 year.

Note 17 – Related party disclosures

In accordance with section 98 c(7) of the Danish Financial Statements Act, the Company has not disclosed any related party transactions as they were conducted on an arm's length basis.

Ownership:
The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the voting rights or minimum 5% of the share capital:

Ultranav Denmark ApS, Smakkedalen 6, 2820 Gentofte, Denmark. The consolidated financial statement of Ultranav Denmark ApS is available at the Company's address. The ultimate holding company of Ultragas ApS is Naviera Ultranav Limitada, Av, El Bosque Norte 500 Piso 19-20, 7550092 Las Condes, Santiago Chile.

Note 18 – Contingent liabilities

The Company is jointly taxed with other companies in the Ultranav Denmark ApS Group. The companies are jointly and unlimited liable for Danish corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. Any subsequent corrections of joint taxation of income or withholding taxes on dividends, etc. could lead to Company's liability constituting a larger amount.

The Group's Danish companies are jointly and severally liable for the joint registration of VAT.

The Company has confirmed to provide financial support to the subsidiary UltraShip ApS until 1 January 2022.

Note 19 – Derivative financial instruments

The Company uses hedging instruments to mitigate the currency risk arising from future transactions in foreign currencies.

The reporting currency is USD and most of the Company's revenues and expenses are too denominated in USD. The majority of the Company's administrative expenses are, however, denominated in DKK.

In line with the hedging policy, currency risks related administrative expenses can be hedged for a period up to 12 months. At 31 December 2020, the fair value of forward exchange contracts is USD 0.1 million (2019: USD NIL million).

Note 20 – Disclosure of events after the balance sheet date

No events have occurred after the balance sheet date that materially affects the financial position of the Company.

Note 21 – Going concern

The Company has received a capital contribution of USD 5.8 million from its parent company to re-establish its financial reserves. Additionally, the parent company have confirmed that they are committed to provide liquidity, as may be necessary for the Company to meet its obligations as they fall due. The commitment expires on 1 January 2022.

Definition of Key figures

$$\text{Operating margin before depreciation, amortization, and impairment loss (EBITDA margin)} = \frac{\text{Operating loss before depreciation, amortization, and impairment (EBITDA)} \times 100}{\text{Revenue}}$$

$$\text{Solvency ratio} = \frac{\text{Equity at year-end} \times 100}{\text{Total assets}}$$

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