
Weco RoRo ApS

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2019

CVR No 37 32 31 28

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
31/3 2020

Christian Thuesen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Weco RoRo ApS for the financial year 1 January - 31 December 2019.

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

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

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

Rungsted Kyst, 31 March 2020

Executive Board

Rasmus Lund-Jacobsen

Independent Auditor's Report

To the Shareholder of Weco RoRo ApS

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 Weco RoRo ApS 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 Financials 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, 31 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff
State Authorised Public Accountant
mne30221

Mark Phillip Beer
State Authorised Public Accountant
mne29472

Company Information

The Company

Weco RoRo ApS
Rungsted Strandvej 113
DK-2960 Rungsted Kyst

CVR No: 37 32 31 28
Financial period: 1 January - 31 December
Municipality of reg. office: Hørsholm

Executive Board

Rasmus Lund-Jacobsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	2019 TEUR	2018 TEUR	2017 TEUR	2015/16 TEUR
Key figures				
Profit/loss				
Operating profit/loss	-111	1.204	93	-2
Profit/loss before financial income and expenses	-110	1.204	93	-2
Net financials	-1.461	-1.313	-192	0
Net profit/loss for the year	-1.321	-45	-96	-2
Balance sheet				
Balance sheet total	45.405	44.649	51.694	7
Equity	16.918	-1.708	-91	5
Investment in property, plant and equipment	0	0	-51.874	0
Ratios				
Return on assets	-0,2%	2,7%	0,2%	-28,6%
Solvency ratio	37,3%	-3,8%	-0,2%	71,4%
Return on equity	-17,4%	5,0%	223,3%	-80,0%

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.

In connection with changes to accounting policies, the comparative figures back to 2015 have been restated. See the description under accounting policies.

Management's Review

Financial Statements of Weco RoRo ApS 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.

Key activities

The primary activity of Weco RoRo Aps is to act as a tonnage provider of modern and specialized RoRo vessels to its charterers.

Development in the year

The income statement of the Company for 2019 shows a loss of TEUR 1,321, and at 31 December 2019 the balance sheet of the Company shows equity of TEUR 16,918.

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

The result was negatively impacted by a planned 5-year dock of one vessel, which left the entire January without revenue.

Market risks

Revenues from the shipping operations are linked to global market trends, which through demand fluctuations affect freight rates as well as prices of e.g. tonnage and fuel. International provisions imply that in case of a maritime accident that results in oil or chemical spillage, the Group will be imposed heavy financial liabilities in terms of the clean-up work. To reduce this risk, the widest possible insurance coverage has been taken out, comprising environmental and pollution coverage, coverage of the value of vessel and cargo, liability coverage as regards third parties and war risk insurance.

Foreign exchange risks

With both revenue, cost and reporting currency is in EUR, there is no foreign exchange risk.

Targets and expectations for the year ahead

The Company's outlook for the future will be negatively affected by the COVID-19 outbreak and the measures taken by governments in most of the world to mitigate the impacts of the outbreak, see also subsequent events disclosures in note 1. It is, however, too early yet to give an opinion as to the extent of the negative implications. On that basis, Management finds itself unable to give an opinion on the expectations of the Company's revenue and results for 2020.

Research and development

The shipping company is not involved in research and development activities.

Management's Review

Uncertainty relating to recognition and measurement

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

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), which is therefore a non-adjusting event to the Company.

Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020. Naturally, Management will make an effort to recapture any lost revenue later in the year.

Income Statement

1 January - 31 December 2019

	Note	2019 TEUR	2018 TEUR
Gross profit/loss		2.074	3.097
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-2.184	-1.893
Profit/loss before financial income and expenses		-110	1.204
Financial income	3	17	564
Financial expenses	4	-1.478	-1.877
Profit/loss before tax		-1.571	-109
Tax on profit/loss for the year	5	250	64
Net profit/loss for the year		-1.321	-45

Balance Sheet 31 December 2019

Assets

	Note	2019 TEUR	2018 TEUR
Vessels		43.600	43.163
Property, plant and equipment	6	43.600	43.163
Deposits		274	1.047
Fixed asset investments	7	274	1.047
Fixed assets		43.874	44.210
Inventories		29	101
Trade receivables		6	0
Receivables from group enterprises		1.354	0
Other receivables		85	275
Prepayments	8	51	54
Receivables		1.496	329
Cash at bank and in hand		6	9
Currents assets		1.531	439
Assets		45.405	44.649

Balance Sheet 31 December 2019

Liabilities and equity

	Note	2019 TEUR	2018 TEUR
Share capital		6	6
Retained earnings		16.912	-1.714
Equity		16.918	-1.708
Lease obligations		24.470	27.947
Long-term debt	10	24.470	27.947
Lease obligations	10	3.477	3.159
Trade payables		11	28
Payables to group enterprises		0	15.021
Other payables		174	13
Deferred income	11	355	189
Short-term debt		4.017	18.410
Debt		28.487	46.357
Liabilities and equity		45.405	44.649
Subsequent events	1		
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	12		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TEUR	TEUR	TEUR
Equity at 1 January	6	-148	-142
Net effect from change of accounting policy	0	-1.566	-1.566
Adjusted equity at 1 January	6	-1.714	-1.708
Capital contribution	0	19.947	19.947
Net profit/loss for the year	0	-1.321	-1.321
Equity at 31 December	6	16.912	16.918

Notes to the Financial Statements

1 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), which is therefore a non-adjusting event to the Company.

Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2020.

	2019 TEUR	2018 TEUR
2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation of property, plant and equipment	2.184	1.893
	2.184	1.893
3 Financial income		
Interest received from group enterprises	17	0
Exchange adjustments	0	564
	17	564
4 Financial expenses		
Interest paid to group enterprises	0	294
Other financial expenses	1.436	1.583
Exchange loss	42	0
	1.478	1.877
5 Tax on profit/loss for the year		
Current tax for the year	-250	-64
	-250	-64

Notes to the Financial Statements

6 Property, plant and equipment

	Vessels TEUR
Cost at 1 January	45.215
Additions for the year	2.620
Cost at 31 December	47.835
Impairment losses and depreciation at 1 January	2.051
Depreciation for the year	2.184
Impairment losses and depreciation at 31 December	4.235
Carrying amount at 31 December	43.600
Including assets under finance leases amounting to	43.600

7 Fixed asset investments

	Deposits TEUR
Cost at 1 January	1.047
Cost at 31 December	1.047
Impairment losses and depreciation at 1 January	0
Impairment losses and depreciation for the year	773
Impairment losses and depreciation at 31 December	773
Carrying amount at 31 December	274

8 Prepayments

Prepayments comprise prepaid expenses concerning timecharter, insurance premiums, etc.

Notes to the Financial Statements

	<u>2019</u> TEUR	<u>2018</u> TEUR
9 Distribution of profit		
Retained earnings	-1.321	-45
	<u>-1.321</u>	<u>-45</u>

10 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:

Lease obligations

Between 1 and 5 years	<u>24.470</u>	<u>27.947</u>
Long-term part	24.470	27.947
Within 1 year	<u>3.477</u>	<u>3.159</u>
	<u>27.947</u>	<u>31.106</u>

11 Deferred income

Deferred income comprises payments received in respect of income in subsequent years as well as open voyages.

Notes to the Financial Statements

12 Contingent assets, liabilities and other financial obligations

Contingent assets

The company has notified an insurance claim of tEUR 1,300. At the time of the annual report, it is uncertain how much the compensation will amount to.

Contingent liabilities

The Group's contractual obligations relating to short-term chartering of vessels total tEUR 8,748 (2018 : tEUR 14,873).

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Weco A/S, which is the management company of the joint taxation purposes. 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.

13 Related parties

Basis

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

<u>Name</u>	<u>Place of registered office</u>
Weco A/S	Hørsholm

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Weco RoRo ApS 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.

Changes in accounting policies

The Company has for 2019 decided to change reporting currency from USD to EUR which is also the company's functional currency. Exchange adjustment with TEUR 1,566 is recognized in the equity at 1 January 2019 a result of change in reporting currency. The changes have no economic effect on the profit and loss or total assets. Comparative figures for 2018 have been aligned as well as financial highlights for the period 2018 – 2015.

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 Weco A/S, 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 the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

Notes to the Financial Statements

14 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

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.

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.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Vessel operating costs

Vessel operating costs comprise voyage dependent expenses including raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise administration expenses, etc.

Gross profit/loss

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

Notes to the Financial Statements

14 Accounting Policies (continued)

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

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

The Company is comprised by the tonnage tax regime. No provision is made for deferred tax since no deferred tax is expected to arise under the tonnage tax regime.

The Company is jointly taxed with Weco A/S. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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:

Vessels	5-25 years
Docking	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

14 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of 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.

Fixed asset investments

Fixed asset investments consist of prepaid purchase options which is depreciated on a straight-line basis over the contract period.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

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 timechater, insurance premiums, etc.

Financial debts

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Notes to the Financial Statements

14 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$