

# Norvic Shipping Europe ApS

Philip Heymans Alle 29, 2., 2900 Hellerup

CVR no. 37 32 71 90

## Annual report 2019

Approved at the Company's annual general meeting on 16 June 2020

Chairman:



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Ashfaque Jamil Rahman





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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Norvic Shipping Europe ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the financial position 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.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Rungsted Kyst, 16 June 2020  
Executive Board:

Michael Irvine Fenger  
Managing Director

Board of Directors:

Ashfaque Jamil Rahman  
Chairman

Mahween Rahman

## Independent auditor's report

To the shareholders of Norvic Shipping Europe ApS

### Opinion

We have audited the financial statements of Norvic Shipping Europe ApS for the financial year 1 January - 31 December 2019, which comprise income 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 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.

### 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 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 the 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 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 the 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.

## Independent auditor's report

- ▶ 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 the 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.

### Report on other legal and regulatory requirements

#### Non-compliance with the provisions of Danish law regarding shareholder loans

The company has granted a loan to one of its former Managing Directors in financial year 2018, thus breaching section 210 of the Danish Companies Act, and Management may incur liability in this respect. The loan is repaid in 2019. Reference is made to note 5 to the annual report.

Copenhagen, 16 June 2020

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Peter Andersen

State Authorised Public Accountant

mne34313



## Management's review

### Company details

Name	Norvic Shipping Europe ApS
Address, Postal code, City	Philip Heymans Alle 29, 2., 2900 Hellerup
CVR no.	37 32 71 90
Established	28 December 2015
Financial year	1 January - 31 December
Board of Directors	Ashfaque Jamil Rahman, Chairman Mahween Rahman
Executive Board	Michael Irvine Fenger, Managing Director
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

## Management commentary

### Business review

The Company's objective is to provide chartering, management and operation services as well as post fixture services in this regard.

### Financial review

The income statement for 2019 shows a profit of DKK 671,643 against a profit of DKK 529,678 last year, and the balance sheet at 31 December 2019 shows equity of DKK 1,732,965.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2019	2018
	Gross profit	19,495,104	12,731,020
2	Staff costs	-18,106,762	-11,512,826
	Depreciation and impairment of property, plant and equipment	-270,867	-174,204
	Profit before net financials	1,117,475	1,043,990
	Financial income	135,967	8,050
	Financial expenses	-223,846	-335,362
	Profit before tax	1,029,596	716,678
3	Tax for the year	-357,953	-187,000
	Profit for the year	671,643	529,678
	Recommended appropriation of profit	671,643	529,678
	Retained earnings	671,643	529,678



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	<u>2019</u>	<u>2018</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	485,786	627,644
	Leasehold improvements	<u>93,596</u>	<u>112,981</u>
		<u>579,382</u>	<u>740,625</u>
	Investments		
	Deposits	<u>468,613</u>	<u>457,250</u>
		468,613	457,250
	Total fixed assets	<u>1,047,995</u>	<u>1,197,875</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	2,317,900	832,677
	Other receivables	167,196	304,937
5	Receivables from owners and management	0	100,000
	Prepayments	<u>192,012</u>	<u>105,095</u>
		<u>2,677,108</u>	<u>1,342,709</u>
	Cash	<u>364,488</u>	<u>477,222</u>
	Total non-fixed assets	<u>3,041,596</u>	<u>1,819,931</u>
	TOTAL ASSETS	<u><u>4,089,591</u></u>	<u><u>3,017,806</u></u>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2019	2018
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	1,682,965	1,006,156
	<b>Total equity</b>	<b>1,732,965</b>	<b>1,056,156</b>
	Provisions		
	Deferred tax	73,445	0
	<b>Total provisions</b>	<b>73,445</b>	<b>0</b>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other payables	452,410	0
		452,410	0
	Current liabilities other than provisions		
	Trade payables	10,594	78,815
	Payables to group enterprises	0	519,647
	Corporation tax payable	238,042	162,166
	Other payables	1,582,135	1,201,022
		1,830,771	1,961,650
	<b>Total liabilities other than provisions</b>	<b>2,283,181</b>	<b>1,961,650</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,089,591</b>	<b>3,017,806</b>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Related parties



## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2019	50,000	1,006,156	1,056,156
Transfer through appropriation of profit	0	671,643	671,643
Adjustment of investments through foreign exchange adjustments	0	5,166	5,166
Equity at 31 December 2019	50,000	1,682,965	1,732,965

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Norvic Shipping Europe ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

##### Changes in accounting policies

Changes have been made in the financial statements regarding the presentation and classification of accounting items. The changes have not affected the results of operation, equity or balance sheet total.

##### Reporting currency

The financial statements are presented in Danish kroner (DKK).

##### Foreign currency translation

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

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

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered.

#### Gross profit

The items revenue and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

#### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Depreciation

The item comprises depreciation of property, plant and equipment.

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 of the assets are as follows:

Fixtures and fittings, other plant and equipment	4 years
Leasehold improvements	4 years

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprises cash subject only to minor risks of changes in value.

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2019	2018		
2 Staff costs				
Wages/salaries	15,365,004	10,847,243		
Pensions	489,506	339,901		
Other social security costs	69,857	71,891		
Other staff costs	2,182,395	253,791		
	<u>18,106,762</u>	<u>11,512,826</u>		
Average number of full-time employees	<u>16</u>	<u>10</u>		
3 Tax for the year				
Estimated tax charge for the year	331,159	187,000		
Deferred tax adjustments in the year	26,794	0		
	<u>357,953</u>	<u>187,000</u>		
4 Property, plant and equipment				
DKK	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total	
Cost at 1 January 2019	928,725	124,432	1,053,157	
Additions	94,416	15,209	109,625	
Cost at 31 December 2019	<u>1,023,141</u>	<u>139,641</u>	<u>1,162,782</u>	
Impairment losses and depreciation at 1 January 2019	301,081	11,451	312,532	
Depreciation	236,274	34,594	270,868	
Impairment losses and depreciation at 31 December 2019	<u>537,355</u>	<u>46,045</u>	<u>583,400</u>	
Carrying amount at 31 December 2019	<u>485,786</u>	<u>93,596</u>	<u>579,382</u>	
Depreciated over	<u>4-7 years</u>	<u>4 years</u>		
5 Receivables from owners and management				
DKK	Receivables	Interest rate	Collateral	Loans repaid in the year
Executive Board	<u>0</u>	<u>10.05%</u>	<u>0</u>	<u>100,000</u>

A loan of DKK 100,000 has been provided to the former Managing Director (Henrik Jeremiassen). In 2019 DKK 100,000 has been repaid.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 6 Contractual obligations and contingencies, etc.

##### Contingent liabilities

##### Other financial obligations

##### Other rent and lease liabilities:

DKK	<u>2019</u>	<u>2018</u>
Rent and lease liabilities	<u>1,456,627</u>	<u>2,045,250</u>

#### 7 Related parties

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Norvic Maritime Holdings Inc.	SSQ Place, 110 Sheppard Avenue East Suite 309 Toronto, Ontario M2N 6Y8, Canada	At the address of the Parent Company