Norvic Shipping Europe ApS

Strandvejen 100, 1., 2900 Hellerup

CVR no. 37 32 71 90

Annual report 2021

Approved at the Company's annual general meeting on 29 June 2022

Chair of the meeting:

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Contents

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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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.

Hellerup, 29 June 2022
Executive Board:

Niels Kjær-Petersen
Managing Director

Board of Directors:

Ashfaque Jamil Rahman Chair	Kazi Ishtiaque Rumi

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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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.

Copenhagen, 29 June 2022
EY 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	Strandvejen 100, 1., 2900 Hellerup
CVR no.	37 32 71 90
Established	28 December 2015
Financial year	1 January - 31 December
Board of Directors	Ashfaque Jamil Rahman, Chair Kazi Ishtiaque Rumi
Executive Board	Niels Kjær-Petersen, Managing Director
Auditors	EY 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 2021 shows a profit of DKK 668,053 against a profit of DKK 736,363 last year, and the balance sheet at 31 December 2021 shows equity of DKK 3,137,382.

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	2021	2020
	Gross profit	15,282,553	15,240,563
2	Staff costs	-14,197,244	-13,778,308
3	Depreciation of property, plant and equipment	-266,939	-203,114
	Profit before net financials	818,370	1,259,141
	Financial income	212,994	0
	Financial expenses	-118,395	-382,153
	Profit before tax	912,969	876,988
4	Tax for the year	-244,916	-140,625
	Profit for the year	668,053	736,363
	Recommended appropriation of profit		
	Retained earnings	668,053	736,363
		668,053	736,363

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	ASSETS		
	Fixed assets		
5	**Property, plant and equipment**		
	Rights of use assets	1,141,833	0
	Fixtures and fittings, other plant and equipment	149,582	317,583
	Leasehold improvements	23,775	58,686
		1,315,190	376,269
	Investments		
	Deposits	201,831	480,259
		201,831	480,259
	Total fixed assets	1,517,021	856,528
	Non-fixed assets		
	Receivables		
	Receivables from group entities	3,244,177	3,814,937
	Deferred tax assets	24,705	13,042
	Other receivables	205,715	298,837
	Prepayments	80,154	60,417
		3,554,751	4,187,233
	Cash	332,695	197,766
	Total non-fixed assets	3,887,446	4,384,999
	TOTAL ASSETS	5,404,467	5,241,527

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	3,087,382	2,419,329
	Total equity	3,137,382	2,469,329
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Lease liabilities	767,127	0
		767,127	0
	Current liabilities other than provisions		
	Lease liabilities	389,025	0
	Trade payables	135,974	418,526
	Corporation tax payable	70,804	94,990
	Other payables	904,155	2,258,682
		1,499,958	2,772,198
	Total liabilities other than provisions	2,267,085	2,772,198
	TOTAL EQUITY AND LIABILITIES	5,404,467	5,241,527

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 2021	50,000	2,419,329	2,469,329
Transfer through appropriation of profit	0	668,053	668,053
Equity at 31 December 2021	50,000	3,087,382	3,137,382

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Norvic Shipping Europe ApS for 2021 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

To achieve alignment with the applied accounting policies of the Group, the company has, effective from 1 January 2021, implemented the following changes to the applied accounting policies:

The company applies IFRS 16 Leases" as the interpretation for the accounting treatment of lease agreements. The interpretation used previously was IAS 17 "Leases".

The company applies IFRS 15 as the interpretation for the accounting treatment of revenue recognition. The interpretation used previously was IAS 11/18 revenue recognition.

Effect of IFRS 16 "Leases":
The company has chosen to implement IFRS 16 as interpretation when the modified retrospective transition method is applied. As a result, comparative figures have not been adjusted, and continue to be presented in accordance with the IAS 17 interpretation.

Compared to the previous requirements, the company must now, with a few exceptions, recognise all lease agreements in the balance sheet, including operating lease agreements. This means that a lease liability must be recognised at the current value of future leasing payments, as described below, and a corresponding lease asset adjusted for payments made to the lessor prior to the start of the lease and incentive payments received from the lessor.

In accordance with the transition provisions of IFRS 16 Leases, the company has elected, when implementing the standard:

- Not to reassess lease agreements with a duration shorter than 12 months or of a low value

- Not to reconsider whether a contract constitutes or contains a lease agreement

- Not to include directly related costs in the value of lease assets at the transition date.

In its assessment of future lease payments, the company has reviewed its operating lease agreements and identified lease payments that relate to a lease component, and those that are fixed or variable, but change with fluctuations in an index or an interest rate.

When assessing the expected leasing period for property lease agreements, the company has assessed the leases individually and taken non-cancellable periods and the expected uses of the property into account. For the leasing of vehicles and operating equipment, the expected leasing period is assessed on the basis of a portfolio consideration.

The company has, in accordance with IFRS 16, recognised a leasing asset as at 1 January 2021 of DKK'000 1,262 and a leasing liability of DKK'000 1,262. The equity effect as at 1 January 2021 is therefore DKK'000 0.

Leasing assets are depreciated on a straight-line basis during the expected leasing period, which is:
- Buildings 3-4 years. The deferred tax effect as at 1 January 2021 is DKK'000 0.

When applying a discounted cash flow of lease payments at current value, the company has applied its alternative borrowing rate, based on the internal borrowing rate of the group. The group borrowing rate is determined on the basis of the group's existing credit facilities. The interest rate is set based on the duration of the lease agreement. In its measurement of the leasing liability, the company has applied a borrowing rate for discounted cash flow for future lease payments are approximately 6% per year.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

In profit and loss, the effects of IFRS 16 have decreased other external expenses with DKK'000 129. Depreciation and amortisation have increased with DKK'000 120 and Financial expenses have increased with DKK'000 24 at 31st of December 2021.

The Effect of IFRS 15:
The Company has at 1 January 2021 implemented the interpretation of IFRS 15 by applying the full retrospective method. Previously IAS 11/18 was used as interpretation for revenue recognition. The implementation of IFRS 15 does not have a material effect on recognitionand measurement effecting profit for the year, equity, assets and/or liabilities.

Based on the fact that income comes from sales of services, is recognised as the control over the individual identifiable performance obligation is transferred to the customer, the management has not identified any changes to revenue recognition by implementing IFRS 15.

Therefore, no changes were made as a result of the change in accounting policy to the company's assets, liabilities, income statement or equity was made.

A description of the company's accounting policy for revenue recognition under IFRS 15 is included below.

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 IFRS 15 as interpretation for revenue recognition.

Income from the sale of services, is recognised as the control over the individual identifiable performance obligation is transferred to the customer.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Payments under operating leases, etc. are recognised as other external expenses up to 1 January 2021. Subsequently, operating leases are recognised under IFRS 16 as described in the separate paragraph.

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.

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:

Rights of use assets	3-4 years
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

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

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.

As an interpretation for the recognition of leased assets, the Company has chosen IFRS 16. A leased asset is recognised in the balance sheet when, under a lease agreement concluded for a specific identifiable asset, the Company has made the lease asset available during the lease period and when the Company acquires the right to virtually all the economic benefits from the use of the identified asset and the right to determine the use of the identified asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (due to indexation of lease payments or extension of leases). Service items are not included. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

Lease liabilities

As an interpretation for the recognition of leasing obligations, the Company has chosen IFRS 16. A leasing obligation is recognised in the balance sheet when, under a lease agreement concluded for a specific identifiable asset, the Ccompany has made the lease asset available during the lease period and when the Company acquires the right to virtually all the economic benefits from the use of the identified asset and the right to determine the use of the identified asset.

On intial recognition, lease liabilities are measured at the present value of future lease payments discounted by an alternative loan rate.

	DKK	2021	2020
2	**Staff costs**		
	Wages/salaries	11,333,451	11,990,510
	Pensions	450,888	513,551
	Other social security costs	101,744	94,721
	Other staff costs	2,311,161	1,179,526
		14,197,244	13,778,308
3	**Depreciation of property, plant and equipment**		
	Depreciation of property, plant and equipment	266,939	203,114
		266,939	203,114
4	**Tax for the year**		
	Estimated tax charge for the year	221,804	209,990
	Deferred tax adjustments in the year	-11,663	-86,487
	Tax adjustments, prior years	34,775	17,122

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021	2020
	244,916	140,625

5 **Property, plant and equipment**

DKK	Rights of use assets	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	0	1,023,141	139,641	1,162,782
Additions	1,262,026	58,066	0	1,320,092
Disposals	0	-228,709	0	-228,709
Cost at 31 December 2021	1,262,026	852,498	139,641	2,254,165
Impairment losses and depreciation at 1 January 2021	0	705,558	80,955	786,513
Depreciation	120,193	111,835	34,911	266,939
Reversal of accumulated depreciation and impairment of assets disposed	0	-114,477	0	-114,477
Impairment losses and depreciation at 31 December 2021	120,193	702,916	115,866	938,975
Carrying amount at 31 December 2021	1,141,833	149,582	23,775	1,315,190
Depreciated over	3-4 years	4 years	4 years	

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

Contingent liabilities

Other financial obligations

Other rent and lease liabilities:

DKK	2021	2020
Rent and lease liabilities	0	1,060,500

7 **Related parties**

Information about consolidated financial statements

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