

DSO Holding ApS
Tøndergade 16
1752 København V
Business Registration No
40534520

**Annual report 20.05.2019
- 31.12.2019**

The Annual General Meeting adopted the annual report on 08.05.2020

Chairman of the General Meeting

Name: Niels-Erik Thamdrup Lund

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2019	8
Balance sheet at 31.12.2019	9
Statement of changes in equity for 2019	11
Notes	12
Accounting policies	14

Entity details

Entity

DSO Holding ApS
Tøndergade 16
1752 København V

Central Business Registration No (CVR): 40534520

Founded: 20.05.2019

Registered in: København

Financial year: 20.05.2019 - 31.12.2019

Executive Board

Ole Bødtcher-Hansen
Søren Rasmussen
Niels-Erik Thamdrup Lund

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of DSO Holding ApS for the financial year 20.05.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 20.05.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 08.05.2020

Executive Board

Ole Bødtcher-Hansen

Søren Rasmussen

Niels-Erik Thamdrup Lund

Independent auditor's report

To the shareholders of DSO Holding ApS

Opinion

We have audited the financial statements of DSO Holding ApS for the financial year 20.05.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 20.05.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Copenhagen, 08.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Sumit Sudan
State Authorised Public Accountant
Identification No (MNE) mne33716

Management commentary

Primary activities

The Company's primary activity is to be the owner of the two subsidiaries Ocean Victory Partners Ltd. and Albatros Owner Ltd. The two subsidiaries will each own an expedition cruise vessel - Ocean Victory and Ocean Albatros – which will be chartered out to various cruise operators worldwide.

Both vessels have already agreed long term charter contracts with charterers from their date of delivery.

Ocean Victory and Ocean Albatros are both under construction at the CMIH Shipyard in Haimen, China. Ocean Victory is estimated to be delivered to its Charterer in late 2020 and Ocean Albatros in October 2022.

The Company has outsourced vessel ship management, including Technical Management and Hotel Management, to Cruise Management International Inc., Miami, Florida and CMI Leisure Ltd., a sister company to Cruise Management International Inc.

Development in activities and finances

DSO Holding ApS was established in May 2019 as Ocean Albatros ApS with a share capital of USD 13,533. Ocean Albatros ApS changed its name to DSO Holding ApS in November 2019.

The Company has during 2019 made the required full Shipyard down payments, and has obtained external financing from the date of delivery of the vessels, expected in 2020 and 2022. All down payments are financed through Shareholder Loans. Due to the COVID-19 virus an uncertainty exists related to the delivery date of Ocean Victory.

In 2019, the Company realized a profit of USD 58,438. For the financial year 2020, Management had, with the delivery of Ocean Victory, expected a higher profit than in 2019. As described below under events after the balance sheet date there is a high degree of uncertainty to the financial impact of the global COVID-19 virus.

Capital position

As at 31 December 2019, the equity amounted to USD 71,971.

Even considering the economic uncertainties, Management expects cash to be sufficient for 2020 and believes that the Company will be able to meet its obligations as they fall due. Refer to note 1 for additional information.

Events after the balance sheet date

As a result of the spread of the COVID-19 virus, economic uncertainties have arisen which are likely to negatively impact net profit. While the disruption is currently expected to be temporary, the extent of the impact of the COVID-19 virus on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on customers and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which the COVID-19 virus may impact the financial condition or results of operations is uncertain. However, the

Management commentary

COVID-19 virus is assessed a non-adjusting event, as the virus was not spread globally before February 2020, and therefore any impact in relation to valuation of assets have not been reflected in the annual report.

Income statement for 2019

	<u>Notes</u>	<u>2019 USD</u>
Other external expenses		(6.654)
Operating profit/loss		(6.654)
Income from investments in group enterprises		65.469
Other financial expenses		(377)
Profit/loss for the year		58.438
Proposed distribution of profit/loss		
Transferred to reserve for net revaluation according to the equity method		65.469
Retained earnings		(7.031)
		58.438

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>
Investments in group enterprises		75.469
Fixed asset investments	3	<u>75.469</u>
Fixed assets		<u>75.469</u>
Cash		<u>2.693</u>
Current assets		<u>2.693</u>
Assets		<u>78.162</u>

Balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 USD</u>
Contributed capital	4	13.533
Reserve for net revaluation according to the equity method		65.469
Retained earnings		<u>(7.031)</u>
Equity		<u>71.971</u>
Other payables		<u>6.191</u>
Current liabilities other than provisions		<u>6.191</u>
Liabilities other than provisions		<u>6.191</u>
Equity and liabilities		<u>78.162</u>
Going concern	1	
Staff costs	2	

Statement of changes in equity for 2019

	Contributed capital USD	Reserve for net revaluation according to the equity method USD	Retained earnings USD	Total USD
Contributed upon formation	13.533	0	0	13.533
Profit/loss for the year	0	65.469	(7.031)	58.438
Equity end of year	13.533	65.469	(7.031)	71.971

Notes

1. Going concern

The current global spread of COVID-19 from February 2020 has resulted in a disruption across many industries including the cruise ship industry. This will impact the net result and cash flow negatively in 2020 and potentially onwards, but the magnitude and timing hereof is still uncertain, and will depend on the duration and spread of the outbreak.

Management is monitoring the situation closely, and have engaged with most of its key stakeholders to take appropriate actions to ensure revised terms and agreements, which take the current market conditions of the cruise ship industry into consideration.

Based on above, Management believes that the financial statements are appropriately prepared based on the going-concern principle.

	2019
2. Staff costs	
Average number of employees	0

	Invest- ments in group enterprises USD
3. Fixed asset investments	
Additions	10.000
Cost end of year	10.000
Share of profit/loss for the year	65.469
Revaluations end of year	65.469
Carrying amount end of year	75.469

	Registered in	Corpo- rate form	Equity inte- rest %
Investments in group enterprises comprise:			
Ocean Victory Partners Ltd.	Bahamas	Ltd.	100,0
Ocean Albatros Owner Ltd.	Bahamas	Ltd.	100,0

Notes

4. Contributed capital

The Company's share capital is divided into 90 shares of DKK 1,000.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C. The annual report has been prepared and presented in USD. A DKK/USD exchange rate of 6,676.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial expenses

Financial expenses comprise interest as well as realized and unrealized exchange adjustments.

Balance sheet

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Accounting policies

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.