
Dannebrog Rederi A/S

Rungsted Strandvej 113, DK-2960 Rungsted Kyst

Annual Report for 1 January - 31 December 2020

CVR No 67 78 40 14

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
14/4 2021

Christian Thuesen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dannebrog Rederi A/S for the financial year 1 January - 31 December 2020.

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 at 31 December 2020 of the Company and of the results of the Company operations for 2020.

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

Rungsted, 14 April 2021

Executive Board

Rasmus Lund-Jacobsen

Board of Directors

Johan Ernst Wedell-Wedellsborg
Chairman

Rasmus Lund-Jacobsen

Oluf Myhrmann

Independent Auditor's Report

To the Shareholder of Dannebrog Rederi A/S

Opinion

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 for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Dannebrog Rederi A/S for the financial year 1 January - 31 December 2020, 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.

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.

Independent Auditor's Report

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.
- 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.

Independent Auditor's Report

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, 14 April 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

mne30221

Mark Philip Beer

State Authorised Public Accountant

mne29472

Company Information

The Company

Dannebrog Rederi A/S
Rungsted Strandvej 113
DK-2960 Rungsted Kyst

Telephone: + 45 + 45 45 17 77 77

CVR No: 67 78 40 14

Financial period: 1 January - 31 December

Municipality of reg. office: Hørsholm

Board of Directors

Johan Ernst Wedell-Wedellsborg, Chairman
Rasmus Lund-Jacobsen
Oluf Myhrmann

Executive Board

Rasmus Lund-Jacobsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2020 USD '000	2019 USD '000
Gross profit/loss		-150	-1,739
Result from investments in group enterprises	3	-29	54
Income from investments in associates	4	1,618	772
Financial income	5	49	17
Financial expenses	6	-391	-343
Profit/loss before tax		1,097	-1,239
Tax on profit/loss for the year	7	50	175
Net profit/loss for the year		1,147	-1,064

Distribution of profit

Proposed distribution of profit

Retained earnings	1,147	-1,064
	1,147	-1,064

Balance Sheet 31 December

Assets

	Note	2020 USD '000	2019 USD '000
Other fixtures and fittings, tools and equipment		0	0
Property, plant and equipment	8	0	0
Investments in subsidiaries	9	533	555
Investments in associates	10	7,762	12,992
Fixed asset investments		8,295	13,547
Fixed assets		8,295	13,547
Inventories		285	0
Trade receivables		0	387
Receivables from group enterprises		6,073	0
Other receivables		287	655
Prepayments	11	221	86
Receivables		6,581	1,128
Cash at bank and in hand		1,243	122
Currents assets		8,109	1,250
Assets		16,404	14,797

Balance Sheet 31 December

Liabilities and equity

	Note	2020 USD '000	2019 USD '000
Share capital		12,675	12,675
Retained earnings		-11,158	-12,358
Equity		1,517	317
Provisions relating to investments in group enterprises		0	13
Provisions		0	13
Trade payables		405	1
Payables to group enterprises		13,921	14,438
Other payables		561	28
Short-term debt		14,887	14,467
Debt		14,887	14,467
Liabilities and equity		16,404	14,797
Going concern	1		
Key activities	2		
Contingent assets, liabilities and other financial obligations	12		
Related parties	13		
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Statement of Changes in Equity

	Share capital	Retained earnings	Total
	USD '000	USD '000	USD '000
Equity at 1 January	12,675	-12,358	317
Exchange adjustments relating to foreign entities	0	53	53
Net profit/loss for the year	0	1,147	1,147
Equity at 31 December	12,675	-11,158	1,517

Notes to the Financial Statements

1 Going concern

The Company has at 31 December 2020 lost more than 50% of the nominal share capital, wherefore the Company is subject to the rules of capital loss in the Danish Companies Act.

Management has complied with section 119 of the Danish Companies Act and expects to reestablish nominal share capital due to expected profit in the coming years.

Furthermore in order to strengthen the company's capital resources, the company has received a declaration of support from the parent company. The declaration is valid until and including 31 December 2021.

Based on the above, it is the management's assessment that the company's capital resources are sufficient and, accordingly, present the financial statements according to the principles of going concern.

2 Key activities

The primary activity of Dannebrog Rederi A/S is to transport vegetable oils, chemical and other oil products.

3 Result from investments in group enterprises

	2020 USD '000	2019 USD '000
Share of profits / losses of subsidiaries	-29	54
	-29	54

4 Income from investments in associates

Share of profits / losses of associates	1,618	772
	1,618	772

5 Financial income

Interest received from group enterprises	49	0
Other financial income	0	4
Exchange adjustments	0	13
	49	17

Notes to the Financial Statements

	2020 USD '000	2019 USD '000
6 Financial expenses		
Interest paid to group enterprises	378	342
Other financial expenses	0	1
Exchange adjustments, expenses	13	0
	391	343
7 Tax on profit/loss for the year		
Current tax for the year	-50	-175
	-50	-175
8 Property, plant and equipment		
		Other fixtures and fittings, tools and equipment USD '000
Cost at 1 January		570
Cost at 31 December		570
Impairment losses and depreciation at 1 January		570
Impairment losses and depreciation at 31 December		570
Carrying amount at 31 December		0
Depreciated over		3 - 10 years

Notes to the Financial Statements

	2020 USD '000	2019 USD '000
9 Investments in subsidiaries		
Cost at 1 January	14,533	14,533
Disposals for the year	375	0
Cost at 31 December	14,908	14,533
Value adjustments at 1 January	-14,349	-14,402
Exchange adjustment	3	0
Net profit/loss for the year	-29	53
Value adjustments at 31 December	-14,375	-14,349
Equity investments with negative net asset value amortised over receivables	0	358
Equity investments with negative net asset value transferred to provisions	0	13
Carrying amount at 31 December	533	555

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Borgship I ApS	Hørsholm (Danmark)	DKK 250.000	100%
Borgship V	Hørsholm (Danmark)	DKK 10.186.000	69%
Weco Marine Services Ltd.	Polen	PLN 50.000	100%

Notes to the Financial Statements

	2020 USD '000	2019 USD '000
10 Investments in associates		
Cost at 1 January	17,165	16,025
Additions for the year	0	1,140
Disposals for the year	-6,898	0
Cost at 31 December	10,267	17,165
Value adjustments at 1 January	-4,173	-4,925
Exchange adjustment	50	-20
Net profit/loss for the year	1,618	772
Value adjustments at 31 December	-2,505	-4,173
Carrying amount at 31 December	7,762	12,992

Investments in associates are specified as follows:

Name	Place of registered office	Share capital DKK	Votes and ownership
Kronborg Shipping K/S	Hørsholm (Danmark)	40.000.000	72%
Kronborg Management ApS	Hørsholm (Danmark)	1.000.000	72%
Stenwec I P/S	København (Danmark)	500.000	50%
Komplementarselskabet Stenwec ApS	København (Danmark)	50.000	50%

All foreign associates are recognised and measured as separate entities.

11 Prepayments

Prepayments comprise prepaid expenses concerning future financial years.

Notes to the Financial Statements

12 Contingent assets, liabilities and other financial obligations

Guarantee obligations

The Company's contractual obligations relating to short-term chartering of vessels total tUSD 3,161 (2019: tUSD 12,109).

Other contingent liabilities

At the withdrawal from the tonnage tax regime, a tax liability totalling USD 7.9 million is incumbent on the Company.

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

Consolidated Financial Statements

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

Name	Place of registered office
Weco Shipping A/S	Hørsholm

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Dannebrog Rederi A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2020 are presented in TUSD. Applied US Dollar exchange rate on the 31st of December 2020, 605,76 (2019 : 667,59).

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Weco Shipping A/S, the Company has not prepared consolidated financial statements.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

All 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

USD is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction.

Notes to the Financial Statements

14 Accounting Policies (continued)

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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises as well as office 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.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment together with gains and losses on the sale of property, plant and equipment.

Notes to the Financial Statements

14 Accounting Policies (continued)

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.

Income from investments in subsidiaries and associates

The items “Income from investments in group enterprises” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

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:

Other fixtures and fittings, tools and equipment	3-10 years
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The fixed assets' residual values are determined at nil.

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.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at USD 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning future financial years.

Notes to the Financial Statements

14 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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