Evergas A/S

Kalvebod Brygge 39-41
DK - 1560 Copenhagen
CVR No. 33 24 15 85

Annual report
for the year ended 31 December 2021

Approved at the annual general meeting of shareholders,
on May 2022

…………………………………………………
Pia Lindberg

Contents

Company details

Evergas A/S
Kalvebod Brygge 39-41
DK - 1560 Copenhagen
CVR No. 33 24 15 85
www.evergas.net

Board of Directors
Philippe Christian Michel Soulié (Chairman)
Christian Franck Lefevre
Steffen Ulrik Jacobsen

Executive Board
Steffen Ulrik Jacobsen (CEO)

Auditors
Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
DK - 2300 Copenhagen S

Statement by Executive Board and Board of Directors on the annual report

Today, the Executive Board and Board of Directors have discussed and approved the annual report of Evergas A/S 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 consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of the consolidated cash flows for the financial year 1 January – 31 December 2021.

In our opinion, the Management's commentary includes a fair review of the matters dealt with in the Management's commentary.

We recommend that the annual report is approved by the annual general meeting of shareholders.

Copenhagen, 23rd May 2022

Executive Board:

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Steffen Ulrik Jacobsen

Board of Directors:

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Philippe Christian Michel Soulié (Chairman)	Christian Franck Lefevre	Steffen Ulrik Jacobsen

Independent auditor’s report

To the shareholder of Evergas A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Evergas A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group’s and the Parent’s financial position at 31.12.2021, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements” section of this auditor’s report. We are independent of the Group 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. 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group’s and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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, 23rd May 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Kim Takata Mücke
State Authorised Public Accountant
Identification No (MNE) mne10944

Financial highlights

	2021	2020	2019	2018	2017
Key figures for the Group (in 000'USD)					
Revenue	31,768	33,949	33,634	33,705	81,936
EBITDA	22,102	24,547	24,430	22,376	21,221
EBIT	14,220	16,571	16,487	14,482	5,385
Net financials	(6,656)	(9,075)	(12,251)	(12,171)	(11,365)
Profit/(loss) from discontinued operations	0	101	(2,006)	(18,333)	0
Net profit/loss for the year	7,541	7,563	2,207	(16,033)	(6,098)
Equity at year end	39,536	15,996	8,432	6,225	22,258
Total assets	177,469	182,150	243,634	278,063	297,306
Investments in tangible assets	2,573	39	247	1,126	51,980
Ratios					
EBIT margin	44.76%	48.81%	49.02%	42.97%	6.57%
Equity ratio	22.28%	8.78%	3.46%	2.24%	7.49%
Return on equity	27.16%	61.92%	30.12%	-112.58%	-24.15%

Definition of financial ratios:

EBIT margin: Profit/loss before net financials (EBIT) / Revenue * 100

Equity ratio: Equity / Total assets * 100

Return on equity: Net profit/loss for the year / Average equity in the year * 100

Management's commentary

Business activities and mission

Evergas A/S and its subsidiaries ("Evergas Group", "Evergas", or "the Group") is a group with activities to carry out shipping business. Evergas is an active participant in the industry for transportation of liquified gasses and has commercial control of 3 modern Ethane vessels. The Ethane vessels are operated on long term contracts. Our focus is to make gas transportation simple and safe, and to set new standards for efficient and sustainable gas transportation at sea. Our mission is to excel in the transportation of liquefied gasses, including LNG.

Evergas remains committed to our credo "Carried with Experience".

Business review (consolidated)

The Group's result for 2021 is a profit of USD 7.5 million against a profit of USD 7.6 million in 2020. Result is in line with expectations.

The Group's total assets per 31 December 2021 is USD 177.5 million (2020: USD 182.2 million).

The vessels' value (including fixtures and fittings) is the most significant asset value of USD 163.9 million in 2021 (2020: USD 169.1 million) against an interest-bearing leasing debt of USD 131.8 million (2020: USD 141.9 million). As per 31 December 2021, the Group has current assets of USD 11.6 million (2020: USD 10.6 million) against current liabilities of USD 17.3 million (2020: USD 15.9 million).

Evergas has cash and cash equivalents of USD 8.6 million as of 31 December 2021 (2020: USD 8.4 million).

Evergas' equity per 31 December 2021 is USD 39.5 million (2020: USD 16.0 million). In March 2021 there has been a capital increase from debt conversion of USD 12 million and in December 2021 there has been a capital increase from debt conversion of USD 4 million.

Risk factors

The shipping market depends on the worldwide market for vessels. Market conditions for shipping activities are typically volatile and, as a consequence, the result may vary considerably from year to year. The shipping market in broad terms is dependent upon two factors; the supply of vessels and the overall growth in the world economy which affect the demand side. The supply of vessels is a combination of new-buildings, demolition of older tonnage and legislation that limits the use of older vessels or sets new standards for vessels used in specific trades. When the market is weak, the supply side takes much longer time to adjust to the reduced demand for seaborne transportation, and as a consequence, the market will suffer for a period until balance is achieved. From an asset management perspective, high markets will be very liquid in shipping whereas low markets are very illiquid.

In order to limit and curtail such exposure, Evergas operates in the niche Ethane segment and has become a leading owner / operator within Ethane transport. Evergas' vessels are on long time charters but the Group still have the counterparty risk and the risk of the residual value.

Evergas aims to secure a robust financial platform for its operations.

Presently Evergas' mainly only has time charter contracts where the cost of bunker fuel by nature belongs to the Charterer. Otherwise bunker fuel expenses are sought secured through bunker clauses.

Management's commentary - continued

Evergas has aimed to secure counterparty risk by entering long-term contracts with a major chemical company.

Evergas' exposure to interest rate risk is related to interest-bearing liabilities. Evergas' Management periodically reviews and assesses the interest rate risk and considers hedging of such risk based on various short-and long-term effects on liquidity and results. As per 31 December 2021, no interest risk was hedged. A +/- 1.0 % change in the interest rate would have a +/- USD 1.4 million effect on the profit before tax.

Evergas' functional currency is USD as the majority of the transactions are in USD. Currency risks therefore arise in connection with transactions in other currencies than USD. The Group may use financial derivatives to reduce the net operational currency exposure. No derivatives have been entered as per 31 December 2021.

Intellectual property

Not considered relevant for the Company/Group

Research and Development

Not considered relevant for the Company/Group

Health, safety, environment and climate

Evergas is firm supporter of sustainable model of operations and committed to take actions to reduce environment impact of its operations. Evergas' sustainability model is based on three pillars – Innovative Technology & Environment; Health, Safety & Security (HSS); development of Human resources; and Governance Standards.

Our Employees are at the heart of our operations. Our experienced employees ensure operation is run at optimum level. Any drop in employee safety standards may have negative impact on business attractiveness and customer ratings.

In 2021, through Evergas Ship Management Pte Ltd, around 490 seafarers and 18 shore based personnel were engaged in running day to day operations with highest standards of safety and quality.

Evergas Management A/S (shore-based staff Copenhagen) experienced 2.7% absence due to illness in 2021 compared to 6.2% in 2020, and is now back at a normal percentage. No illness is work related, as there were zero work-related injuries during 2021 for the seafarers and the shore-based employees.

COVID-19 continued to affect all spheres of life in 2021. Evergas took several steps to secure health and safety of its offshore and office staff. For vessels, existing protocols were reviewed and strengthened to protect seafarers. Vaccinations were arranged in US, Australia, and Europe at no cost to seafarers. Evergas detected its first case of COVID outbreak on ship towards end of 2021. Due to number of crew being infected, vessel was made to wait at US port to offer medical assistance to the needy.

In the office side, Evergas followed local regulations and directions in terms of testing and work from home requirements. Despite all the restrictions, the operations were carried out without any interruption.

Several countries closed borders and crew change became increasingly difficult. Evergas maintained a sharp focus on crew relief and ensured that majority of crew were relieved within their contract duration.

Management's commentary - continued

Due to COVID-19, the trainings shifted from physical classrooms to virtual platform. Annual sea staff seminar was conducted remotely using MS Teams. In addition, 4 mini seminars were conducted to keep close contact with sea staff.

We also held periodic safety review meetings with the major customer, where full review of the health and safety measures was carried out to their satisfaction. Evergas Ship Management Pte. Ltd. maintained ISO 9001: 2015 and ISO 14001: 2015 certifications.

The primary environmental and climate risks arise from fuel consumption and emissions from vessels, while wastewater and accidental spills also present possible risks. We support regulation which will significantly reduce these effects. Further, our Environmental Management Manual provides comprehensive guidelines for mitigating the environmental and climate risks arising from the vessel operations.

Evergas continues to minimize impact on environment and climate due to its activities, and the primary focus is on reducing the carbon footprint of our vessels operation. The vessels are mainly using ethane as fuel for propulsion which helped reduce the 2020 CO2 emissions by 9.2% and SOx by 31% as compared to emissions when using conventional fuels. Slow steaming is being used on vessels wherever there is a known delay in the next port. Performance monitoring system Coach is being used to study and compare consumption patterns on our vessels and measure such as hull cleaning, propeller polishing and engine tuning are being employed to maximize fuel efficiency.

As part of environmental initiative, hulls of vessels scheduled for dry dock are being painted with silicone paint. Silicone paint offers better speed performance as compared to conventional paints, thus leading to a reduction of emissions. Other initiatives have in the last couple of years been introduced to reduce emissions include installation of variable frequency drive (VFD) for sea water pumps and LED lights. These initiatives are being rolled out fleet wide.

All vessels operated by Evergas are fitted with ballast water treatment system complying with the IMO requirements and USCG approval. The treatment system control introduction of alien invasive species in the area of discharge of ballast water. All our vessels on long haul cross ocean voyages subscribe to weather routing service to choose optimum route. Evergas continues to participate in EU MRV and IMO DCS schemes, formulated to report emissions.

Evergas maintains an overview of emerging regulations and takes steps to ensure compliance in good time. Environmental regulations are getting stricter and with its modern vessels and innovative mindset, Evergas is ready to tackle any challenge.

Human rights and human resources

We consider the primary human rights arising from our business to be related to our employees, whose right to a workplace that is safe and free from discrimination may be negatively impacted by unsafe and discriminatory practices. Failure to minimize this risk may limit our ability to attract and retain talented employees and harm our reputation.

Management's commentary – continued

Evergas Employees are a variety of ages, levels of experience, nationalities, languages and genders. The Evergas organization embraces a diversified workforce in which employment, promotions, responsibility and job enrichment are based on qualifications and abilities and not on gender, age, race, political nor religious views. Evergas believes in equal opportunity for men and women in the workplace. The shipping business is historically male dominated. Onboard the vessels, the picture remains very traditional close to zero female employment. The lack of female sea staff is, however, purely because there is almost no female staff available for recruitment. Female representation among shore-based employees in Evergas is unchanged 40% compared to last year. Evergas has a policy of zero tolerance towards misconduct and exploitation. We have implemented our policy by distributing it to employees and encouraging their awareness through different forms of communication, including our employee development dialogue. We have also implemented family friendly work arrangements.

We did not identify any violations of employee's human rights in 2021.

Gender composition of management

The Board currently consist of three members, all males. There are no immediate plans for replacement of current board members. It is the goal that the underrepresented gender, presently female, should have at least one seat in the Board, equivalent to 33 pct. of the Board of Directors. This is however only possible whenever a replacement in any of the positions becomes relevant, and the goal is therefore presently not fulfilled in 2021.

The Board will work to achieve female representation once new Board members are appointed. Evergas aim to comply with our goal as soon as there is a natural occasion for same. In the day-to-day management team of Evergas, 2 of 6 leaders are female equal to 33 pct.

Evergas generally wants to ensure, that it always is the most qualified person who possesses the position. In this connection it should be mentioned that it is Evergas' policy to secure equal opportunities based on qualifications but also to assure that both male and female candidates are considered and identified in connection with internal and external recruitment of employees and managers, and that both women and men are part of the Group's talent program.

Anti-corruption and bribery

The most significant risk relates to our employees encountering – or themselves engaging in – corrupt practices to gain an advantage. Incidents of corruption can damage not only our business relationships but also our reputation as an ethical business.

Evergas has a zero-tolerance policy toward corruption, bribery, fraud, money laundering and extortion. Evergas focuses on transparency in its conduct of business, supports free enterprise and seeks to compete in a fair and ethical manner. In addition. Our code of conduct required all employees to conduct themselves with integrity.

To reaffirm our anti-corruption stance, we have joined the Maritime Anti-corruption network (MACN), which is a global business network working towards the vision of a maritime industry free of corruption.

Management's commentary – continued

Evergas has an anti-corruption policy, which is applicable to both shore and sea-going employees. This policy is signed by the CEO of the company and reviewed periodically. It is available to all employees either electronically or print copy displayed at work site. Ship staff have been given specific guidance by way of procedure in their Safety Management System. The procedure is reviewed annually. Evergas periodically trains its shore-based employees on anti-corruption/ bribery issues through e-Learning.

We did not identify any incidents of corruption in our operations in 2021.

Data ethics

Evergas is to a greater extent using digital solutions and analytical capability of data systems. We commit to handle data in an ethical and appropriate manner, as described in our internal IT policies. These policies outlines principles for data ethics, describing how we collect, handle, store, process and protect data for the benefit of our employees, customers, business partners and other stakeholders.

Evergas is committed to safeguard the personal data of our employees and other stakeholders. We have implemented European Union's General Data Protection Regulation (GDPR) practices. Even though not all our employees are EU citizens, Evergas decided to use the same data protection policies for all employees in the organization.

Corporate governance

Evergas focuses on high ethics, innovation and transparency and a responsible interaction between the Board, Management and stakeholders of the company. The Company's success is profoundly dependent upon internal and external confidence and trust. We believe this is achieved by well-founded business practices, financial performance, and timely and correct communication to the market.

Subsequent events

The Group will still have to compensate crew that cannot be replaced in due time and foresee possible challenges with service engineers and spares connections due to possible re-scheduling and rerouting of the vessels for safety reasons. However, as per the date of the approval of this report, the additional cost is not expected to have significant influence on the financial performance of the Group. On the income side the vessels are on long term contracts and therefore the COVID-19 is presently not expected to have any impact on the Group's capability to secure the income side.

The conflict between Russia and Ukraine has consequences for Evergas as many of our officers and crew are from Russia or Ukraine. We are successful in maintain good atmosphere onboard between the two parties by proactive communication and close contact with management team onboard. We face challenges due to flight restrictions as a number of countries have imposed no-fly zones for Russian airlines and vice-versa, and remittance of salaries to crew due to sanctions and denial of visa. Ukrainian officers and crew have challenges in leaving country for employment as they are required to serve the army. The board of directors has assessed that significant accounting estimates and judgements have not been changed due to the conflict.

Outlook

2022 is expected to show a net result in the range of USD 7.0 million – USD 8.0 million.

Going concern assessment and subsequent events

For a description of the going concern assessment at 31 December 2021, refer to note 1.

Accounting policies

The annual report of Evergas A/S has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in USD, based on bookkeeping records maintained in USD. The financial statements are presented in USD to match the functional currency of the Group and the Parent Company, which is also USD. The exchange rate between USD/DKK per 31 December 2021 was 6.56 against 6.06 per 31 December 2020.

All group enterprises are presented in USD, based on bookkeeping records maintained in USD.

Foreign currency retranslation

Transactions denominated in foreign currencies are translated into USD at the exchange rates at the date of the transaction.

Monetary items denominated in foreign currencies are translated into USD at the exchange rates at the balance sheet date. Realized and unrealized exchange gains and losses are recognized in the income statement as financial income/expenses.

Consolidation

The consolidated financial statements comprise the Parent company, Evergas A/S, and enterprises in which the Parent - directly or indirectly - holds more than 50% of the voting rights or otherwise has a controlling interest. Enterprises in which the Parent - directly or indirectly - holds between 20% and 50% of the voting rights or otherwise exercise significant influence are considered associates.

Enterprises that are jointly managed by the Group and other enterprises are consolidated on a pro rata basis in the consolidated financial statements, using the same methods as used for the consolidation of group enterprises.

The financial statements of the Group's enterprises are prepared in accordance with the accounting policies applied by the Parent. The consolidated financial statements are prepared on the basis of the financial statements of the Parent and the Group's enterprises by aggregating items of a similar nature.

Intra-group income, expenses, losses, profits and balances are eliminated.

Investments in group enterprises are eliminated with the proportionate share of the net asset value of the group enterprise concerned.

Group enterprises recently acquired or sold are included in the consolidated income statement by reference to the period of ownership.

The purchase method is applied to acquisitions of new enterprises. The cost includes the cash consideration and/or the market price of treasury shares paid as consideration. Purchase consideration conditional on future events is included in the cost at the net present value of the amount expected to be paid. Identifiable assets and liabilities in the acquired enterprises are measured at fair value at the time of acquisition.

Accounting policies - continued

Income statement

Revenue and voyage related expenses

Income is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Company
- Costs relating to the transaction can be measured reliably

Revenue comprises charter hire from vessels. Revenue is recognized when or as performance obligations are satisfied by transferring the promised services to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration that the Company expects to be entitled to.

Other operating income and expenses

Other operating income and expenses include items of a secondary nature relative to the enterprise's core business. Revenue from the sales of services is recognized concurrently with the delivery of the services.

External expenses

External expenses include other operating expenses for the vessels like crewing, insurance, technical expenses and management fees.

Administration expenses

Administration expenses include expenses related to IT, sales and marketing, administration and premises etc.

Employee expenses

Employee expenses include wages and salaries, pension costs and other social security costs.

Accounting policies - continued

Amortization/depreciation non-current assets

Amortization/depreciation include amortization and depreciation of property, plant and equipment. Fixed assets are amortized/depreciated using the straight-line method, based on the cost, less impairment.

Property, plant and equipment is depreciated on a straight-line basis to the residual value, based on the cost, measured by reference to the following assessment of the useful lives:

	Useful life
Vessels	25 years
Drydock	5 years
Other fixtures, tools and equipment	3-5 years

Residual values for the vessels are estimated to 6.8 MUSD for each of the LNG vessels and for office equipment it is estimated to nil. The residual value is determined at the time of acquisition based on the market steel price and is reassessed every year.

Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognized. In case of changes in the residual value, the effect on the depreciation charges is recognized prospectively as a change in accounting estimates.

Gains or losses on the sale of fixed assets are recognized in the income statement under 'Gain/loss of sale on non-current assets'.

Share of profit/loss in associated companies

Income from investments in associated companies includes a proportionate share of profit/loss in the respective underlying associates.

Net financials

Financial income and expenses are recognized in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, exchange gains and losses, amortization of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme etc.

Tax

Tax for the year includes current tax on the year's expected taxable income.

The Parent is jointly taxed with all of its Danish group enterprises. The Danish income tax charge is allocated between profit-making and loss-making Danish enterprises in proportion to their taxable income (full allocation method).

The Parent is jointly and severally liable with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends in the group of jointly taxed entities.

The Parent acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the Parent is responsible for ensuring that taxes, etc., are paid to the Danish tax authorities.

Accounting policies - continued

Jointly taxed companies entitled to a tax refund are, at a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Tonnage Tax
All Danish vessel owing entities within Evergas have entered the Danish Tonnage Tax Scheme, which is binding until 2030.

Balance sheet

Property, plant and equipment
Vessels
Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the vessels. The cost is split into vessel and docking components.

All separate components are depreciated on a straight-line basis over the useful life of the separate item.

Depreciation is based on cost less the estimated residual value. The residual value of the vessels is estimated as the light-weight tonnage of each vessel multiplied by expected steel price per ton.

The residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year-end.

Components of vessels are derecognized upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on de-recognition of an asset is included in the income statement in the year the asset is de-recognized.

An impairment test is prepared for property, plant and equipment if there are indications of decreases in value. The impairment test is prepared for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Other fixtures, tools and equipment
Other fixtures, tools and equipment are measured at cost less accumulated depreciation (to the residual value) and accumulated impairment losses.

An impairment test is prepared if there are indications of decreases in value. The impairment test is prepared for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Investments in group enterprises and associates
Investments in group enterprises are measured at cost. Where the cost exceeds the net realizable value, a write-down is made to such lower value.

Investments in associated are measured by using the equity method.

Accounting policies - continued

Other financial assets

Other financial assets represent liquidated damages, which are amortized over the life of the underlying contract.

Inventories

Inventories are measured at the lower of cost, measured by reference to the FIFO method, and net realizable value.

Trade and other receivables

Trade receivables and other receivables etc., are measured at the lower of amortized cost and net realizable value, based on an assessment of the individual receivables.

Prepayments

Prepayments recognized under 'Assets' comprise prepaid costs to be expensed in subsequent reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term bank deposits.

Equity

Dividends proposed for the reporting period are presented as a separate item under ‘Equity’.

Income taxes

Current tax charges are recognized in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years’ taxable income and tax paid in advance.

Taxable Income is calculated according to the regulations of the Danish Tonnage Tax Act or general tax regulation depending on activity. Shipping activities are taxed on the basis of the net tonnage at disposal.

Financial leases

Leases of vessels where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Charter hire costs under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant charters. Benefits received as an incentive to enter into an operating lease are recognize as also spread on a straight-line basis over the term of the charters.

Finance leases are capitalized at the commencement of the charters at the fair value of the chartered asset or, if lower, at the present value of the minimum charter hire payments. Charter hire payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability.
Finance charges are recognized in finance costs in the statement of profit or loss.

Accounting policies - continued

Financial leases - continued

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset and the term of the charters, if there is no reasonable certainty that the Group will obtain ownership by the end of the term of the charters.

Financial liabilities

Financial liabilities are recognized initially at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortized cost, using the effective interest rate method.

Deferred income – non-current liability and current liability

Deferred income recognized as a liability comprises payments received to be recognized as income in subsequent reporting years over the term (firm period) of the time charter agreement.

Other liabilities

Other payables are measured at amortized cost, which, essentially, corresponds to the net realizable value.

Cash flow statement

The cash flow statement shows the enterprise's net cash flows, the year's changes in cash and cash equivalents and the enterprise's cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are presented using the indirect method and are calculated as the net profit or loss for the year, adjusted for non-cash operating items, changes in working capital, paid financial items and paid income taxes.

Cash flows from investing activities comprise payments related to additions and disposals of fixed assets.

Cash flows from financing activities comprise dividends paid to shareholders, capital increases and reductions, proceeds from borrowings and repayments of interest-bearing debt.

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts which are repayable on demand.

Income statement

1 January – 31 December 2021

		Group		Parent company	
	Notes	2021 USD	2020 USD	2021 USD	2020 USD
Revenue	2	31,768,446	33,949,237	0	17,761
Voyage related expenses		(339,922)	(339,922)	0	83,393
Freight income on T/C basis		31,428,524	33,609,315	0	101,154
Other operating income	3	5,062,096	4,576,290	0	0
External expenses		(10,105,439)	(9,958,723)	0	0
Administration expenses		(1,523,341)	(1,142,744)	(63,248)	(80,120)
Gross profit/(loss)		**24,861,840**	**27,084,138**	**(63,248)**	**21,034**
Employee expenses	4	(2,759,315)	(2,536,851)	0	0
Profit/(loss) before interest, taxes, depreciation and amortization (EBITDA)		**22,102,525**	**24,547,287**	**(63,248)**	**21,034**
Depreciation non-current assets	5	(7,882,118)	(7,942,829)	0	0
Loss on sale of non-current asset	5	0	(33,371)	0	0
Profit/(loss) before financial items (EBIT)		**14,220,407**	**16,571,087**	**(63,248)**	**21,034**
Income from group enterprises		0	0	8,000,000	0
Financial income	6	0	0	65,896	10,234,824
Financial expenses	7	(6,655,993)	(9,075,020)	(173,166)	(656,819)
Profit before tax		**7,564,414**	**7,496,067**	**7,829,482**	**9,599,039**
Tax	8	(23,864)	(33,836)	0	49,598
Profit for the year continued operations		**7,540,550**	**7,462,231**	**7,829,482**	**9,648,637**
Profit for the year from discontinued operations	9	0	101,154	0	0
Net profit for the year		**7,540,550**	**7,563,385**	**7,829,482**	**9,648,637**

Proposed distribution of profit				
Transferred to retained earnings	7,540,550	7,563,385	7,829,482	9,648,637
Total appropriation	**7,540,550**	**7,563,385**	**7,829,482**	**9,648,637**

Balance sheet
At 31 December

		Group		Parent company	
	Notes	2021 USD	2020 USD	2021 USD	2020 USD
Assets					
Fixed assets					
Vessels and drydock		163,853,073	169,147,250	0	0
Other fixtures, tools and equipment		91,176	105,693	0	0
Vessels, drydock and equipment	10	**163,944,249**	**169,252,943**	**0**	**0**
Investments in group enterprises	11	0	0	9,652,648	9,612,694
Receivables from group enterprises	12	0	0	2,983,961	2,620,884
Other financial assets	13	1,953,776	2,293,698	0	0
Financial assets		**1,953,776**	**2,293,698**	**12,636,609**	**12,233,578**
Total fixed assets		**165,898,025**	**171,546,641**	**12,636,609**	**12,233,578**
Current assets					
Inventories		**908,869**	**905,762**	**0**	**0**
Receivables from group enterprises		677,119	13,697	677,119	718,370
Other receivables		1,113,300	1,035,625	5,043	6,755
Prepayments	14	279,443	256,339	0	0
Receivables		**2,069,862**	**1,305,661**	**682,162**	**725,125**
Cash and cash equivalents		**8,592,708**	**8,392,220**	**3,368,830**	**4,394,801**
Total current assets		**11,571,439**	**10,603,643**	**4,050,992**	**5,119,926**
Total assets		**177,469,464**	**182,150,284**	**16,687,601**	**17,353,504**

Balance sheet - continued

at 31 December

		Group		Parent company	
	Notes	2021 USD	2020 USD	2021 USD	2020 USD
Equity and liabilities					
Equity					
Share capital	15	64,523,306	48,523,306	64,523,306	48,523,306
Accumulated loss		(24,986,978)	(32,527,528)	(48,936,300)	(56,765,782)
Total Equity		**39,536,328**	**15,995,778**	**15,587,006**	**(8,242,476)**
Liabilities					
Leasing debt	16	120,014,919	131,798,990	0	0
Payables to group enterprises	1,16	0	17,710,251	0	17,710,251
Deferred income		605,775	703,919	0	0
Long-term liabilities		**120,620,694**	**150,213,160**	**0**	**17,710,251**
Leasing debt	16	11,784,073	10,058,028	0	0
Trade payables		642,208	668,458	0	0
Payables to group enterprises		0	0	1,082,168	7,865,780
Other payables		2,105,709	2,434,408	18,427	19,949
Deferred income	17	2,780,452	2,780,452	0	0
Short-term liabilities		**17,312,442**	**15,941,346**	**1,100,595**	**7,885,729**
Total liabilities		**137,933,136**	**166,154,506**	**1,100,595**	**25,595,980**
Total equity and liabilities		**177,469,464**	**182,150,284**	**16,687,601**	**17,353,504**

Going concern and subsequent events	1
Security for loans	18
Contingent liabilities and other financial obligations	19
Fees to the auditors appointed by the General Meeting	20
Related parties	21

Consolidated statement of changes in equity, Group

	Share capital	Accumulated loss	Total
Equity at 1/1 2021	**48,523,306**	**(32,527,528)**	**15,995,778**
Debt conversion	16,000,000	0	16,000,000
Transfer for the year	0	7,540,550	7,540,550
Equity at 31/12 2021	**64,523,306**	**(24,986,978)**	**39,536,328**

Statement of changes in equity, Parent Company

	Share capital	Accumulated loss	Total
Equity at 1/1 2021	**48,523,306**	**(56,765,782)**	**(8,242,476)**
Debt conversion	16,000,000	0	16,000,000
Transfer for the year	0	7,829,482	7,829,482
Equity at 31/12 2021	**64,523,306**	**(48,936,300)**	**15,587,006**

In March 2021, the shareholder of Evergas A/S has converted long-term debt of USD 12,000,000 (DKK 75,028,800) into new shares.

In December 2021, the shareholder of Evergas A/S has converted long-term debt of USD 4,000,000 (DKK 26,386,400) into new shares.

This means that as per the reporting date also the equity of the parent is positive.

Consolidated cash flow statement

	Notes	2021 USD	2020 USD
Profit for the year		7,540,550	7,563,385
Non-cash items, etc.	22	14,803,753	17,374,138
Changes in working capital, net	23	(540,652)	(2,715,461)
Cash flows from operating activities before net financials		**21,803,651**	**22,222,062**
Interest received		0	0
Interest paid		(6,456,066)	(8,242,228)
Cash flows from operating activities		**15,347,585**	**13,979,834**
Additions of vessels and drydock		(2,570,091)	0
Additions of other fixtures, tools and equipment		(3,333)	(38,752)
Proceeds from disposal of vessels and other fixed assets		0	3,800
Cash flows from investing activities		**(2,573,424)**	**(34,952)**
Change in intercompany loan		(2,373,673)	(3,585,688)
Repayments, long-term leasing debt		(10,200,000)	(9,200,000)
Cash flows from financing activities		**(12,573,673)**	**(12,785,688)**
Net cash flow for the year		**200,488**	**1,159,194**
Cash and cash equivalents			
Cash and cash equivalents at 1/1		8,392,220	7,233,026
Net cash flow for the year		200,488	1,159,194
Cash and cash equivalents at 31/12		**8,592,708**	**8,392,220**

Notes

Note 1. Going concern assessment and subsequent events

As per 31 December 2021, the Company's current liabilities exceeded its current assets by million USD 5.7.

In March 2021 the shareholder of Evergas A/S has converted long-term debt of USD 12,000,000 into new shares. Additionally in December 2021, the shareholder of Evergas A/S has converted long-term debt of USD 4,000,000 into new shares.

Due to the continuing corona virus pandemic, the Group keeps ensuring measures to protect employees and the operation of the vessels, among other things to implement 100% fully vaccination of employees and crew. In 2021 several countries closed borders and crew change became increasingly difficult. However, until now we have not seen any material impact from the pandemic. The Group have had some increased cost due to compensation to crew not being replaced in due time, some challenges with service engineers and spares connections, increase travel costs in connection with crew change and from outbreak of covid-19 but until today only 11 days of off-hire have been registered. These additional costs are not significant to the financial performance of the Group and is not expected to have any significance going forward either.

The Board of Directors has considered the Company's cash flow forecast for a period not less than 12 months from the date of the balance sheet. The current cash flow forecast for 2022 is positive. Based on this review, the Board of Directors has concluded that it is appropriate for the Company to continue to apply the going concern principle when preparing the financial statement and there is no material uncertainty related to the above conditions that may cast significant doubt on the ability of the Group to continue as a going concern.

Note 2. Revenue

Evergas is carrying out shipping business worldwide. With reference to §96 in the Danish Financial Statements act and for competitive reasons, Evergas does not disclose a revenue split into geographic or business segments.

Note 3. Other operating income

	Group		Parent company	
	2021 USD	**2020 USD**	**2021 USD**	**2020 USD**
Service fee income	5,035,106	4,571,784	0	0
Other operating income	26,990	4,506	0	0
	5,062,096	4,576,290	0	0

Notes

Note 4. Employee expenses

	Group		Parent company	
	2021 USD	2020 USD	2021 USD	2020 USD
Wages and salaries	2,458,828	2,290,086	0	0
Pension costs	180,135	173,263	0	0
Other social security costs	16,103	15,122	0	0
Other staff costs	104,249	58,379	0	0
Allocated to discontinued operation	0	0	0	0
	2,759,315	2,536,851	0	0

The Board of Directors have not received remuneration in 2020 and 2021. According to the Danish Financial Statements Act § 98b, the total remuneration to the Executive Board is not disclosed.

Average number of employees	14	15	0	0

Note 5. Depreciation non-current assets

	Group		Parent company	
	2021 USD	2020 USD	2021 USD	2020 USD
Depreciation vessels	7,864,268	7,863,910	0	0
Other fixed assets	17,850	78,919	0	0
	7,882,118	7,942,829	0	0
Loss from disposal of other fixed asset	0	33,371	0	0

Notes

	Group		Parent company	
	2021 USD	**2020 USD**	**2021 USD**	**2020 USD**
Note 6. Financial income				
Interest, group enterprises	0	0	51,786	119,436
Reversal of write down of receivables from group enterprises	0	0	0	10,108,919
Other interest and currency gains	0	0	14,110	6,469
	0	0	65,896	10,234,824
Note 7. Financial expenses				
Interest, group enterprises	140,074	603,155	156,941	648,288
Interest, currency losses and similar expenses	6,515,919	8,471,865	16,225	8,531
	6,655,993	9,075,020	173,166	656,819
Note 8. Tax				
Adjustment to previous years income tax	(25,394)	(27,234)	0	49,598
Corporate income tax	1,530	(6,602)	0	0
	(23,864)	(33,836)	0	49,598

Notes

Note 9. Profit for the year from discontinued operations

	Group	
	2021 USD	**2020 USD**
Revenue	0	17,762
Voyage related expenses	0	83,392
Freight income on T/C basis	**0**	**101,154**
External expenses	0	0
Gross profit	**0**	**101,154**
Employee expenses	0	0
Earnings before interest, taxes, depreciation, amortization (EBITDA)	**0**	**101,154**
Provision for onerous contracts	0	0
Gain/loss on sale of non-current asset	0	0
Profit before financial items (EBIT)	**0**	**101,154**
Financial income	0	0
Financial expenses	0	0
Profit before tax	**0**	**101,154**
Profit for the year from discontinued operations	**0**	**101,154**

During 2019, all 8 LEG vessels were sold and delivered to new owners. On this basis the LEG segment was classified as discontinued operations and the LEG segment was presented separately in the income statement as "loss for the year from discontinued operations". As a consequence of the sale of the LEG vessels, the E3 Pool agreement with Eletson was terminated and the E3 Pool company was sold to Eletson in 2020 at book value. The E3 Pool was part of discontinued operations.

Notes

Note 10. Vessels, drydock and equipment

Group

	Vessels and drydock	Other fixed assets	Total
Cost			
Balance at 1/1	202,551,667	137,677	202,689,344
Additions in the year	2,570,091	3,333	2,573,424
Disposals in the year	(2,400,000)	0	(2,400,000)
Cost at 31/12	**202,721,758**	**141,010**	**202,862,768**
Depreciation			
Balance at 1/1	33,404,417	31,984	33,436,401
Depreciation in the year	7,864,268	17,850	7,882,118
Disposals in the year	(2,400,000)	0	(2,400,000)
Depreciation at 31/12	**38,868,685**	**49,834**	**38,918,519**
Carrying amount at 31/12	**163,853,073**	**91,176**	**163,944,249**

The parent company owns no fixed assets. The Group has assets on a finance lease basis of USD 163,853,073 as of 31/12 2021.

Notes

Note 11. Investments in group enterprises

Parent company

	Total group enterprises
Cost	
Balance at 1/1	9,612,694
Addition	39,954
Cost at 31/12	**9,652,648**
Write-downs	
Balance at 1/1	0
Effect of merger	0
Write-downs at 31/12	**0**
Carrying amount at 31/12	**9,652,648**

Group enterprises	Domicile	Currency	Nominal Capital	Interest (%)	Equity USD	Profit/loss USD
Evergas Management A/S	Denmark	USD	89,484	100	349,984	186,111
Evergas Shipholding 18 A/S	Denmark	USD	3,247,707	100	11,192,484	2,170,920
Evergas Shipholding 19 A/S	Denmark	USD	3,312,707	100	10,268,076	1,803,567
Evergas Shipholding 20 A/S	Denmark	USD	2,899,128	100	11,106,787	3,542,407
Evergas Ship Management Pte. Ltd	Singapore	USD	100,000	100	506,064	13,688
Dan-Unity CO2 A/S	Denmark	USD	76,206	50	41,982	(34,223)

Note 12. Receivables from group enterprises

Parent

The balance of USD 2,983,961 is falling due at 31 December 2023.

Note 13. Other financial asset

Other financial asset as at 31 December 2021 of USD 1,953,776 (2020: USD 2,293,698) relates to costs and incentives caused by a delay of the delivery of vessels which are amortized against the charter income over the life of the time charter contracts.

Notes

	Group		Parent company	
	2021 USD	2020 USD	2021 USD	2020 USD
Note 14. Prepayments				
Prepaid insurance	180,761	185,652	0	0
Other prepayments	98,682	70,687	0	0
	279,443	256,339	0	0

Note 15. Share capital

	2021 USD
Analysis of the Company's share capital, USD 64,523,306:	
374,846,261 shares of DKK 1	64,523,306

Apart from the incorporation, there have been a capital increase from debt conversion in October 2010 of DKK 198,375,000, a capital increase from debt conversion in July 2015 of DKK 74,556,061, a capital increase from debt conversion in March 2021 of DKK 75,028,800 and a capital increase from debt conversion in December 2021 of DKK 26,386,400.

Note 16. Long/short-term liabilities

Group

Breakdown of certain liabilities by long-term and short-term liabilities:

	Falling due between 1 and 5 years	Falling due after more than 5 years	Total long-term liabilities at 31/12 2021	Falling due within 1 year	Total
Leasing debt	94,906,701	25,108,217	120,014,919	11,784,073	131,798,991
	94,906,701	25,108,217	120,014,919	11,784,073	131,798,991

Note 17. Deferred income

Deferred income includes prepaid hire from customers covering periods after 31 December 2021.

Note 18. Security for loans

The vessels have been leased under long-term bareboat charters effective upon delivery. All shares in Evergas Shipholding 18 A/S, Evergas Shipholding 19 A/S and Evergas Shipholding 20 A/S are pledged as security for leasing debs. Book value of the pledged shares is USD 9,459,542.

Notes

Note 19. Contingent liabilities and other financial obligations

	2021 USD'000	2020 USD'000
Rent payments	2,377	671
Payments under other operating leases	205	141
Payments regarding Technical Management agreements	762	787
	3,344	1,599

As at 31 December 2021, Evergas Group has no tax liability that is not included in the financial statements.

As at 31 December 2021, Evergas A/S is guarantor for obligations, liabilities and performance of time charter contracts entered into by subsidiary companies in the Group and sister companies in the Greenship Gas Trust Group. The Management has assessed the amount of the guarantee as per 31 December 2021 to be USD Nill as the vessels covered by the guarantee are expected to generate positive cash flows from their operations.

Note 20. Fees to the auditors appointed by the General Meeting

	Group		Parent company	
	2021 USD	2020 USD	2021 USD	2020 USD
Fee for statutory audit Deloitte	44,420	82,333	24,938	43,219
Fee for other services	9,371	5,034	7,000	2,930
	53,791	87,367	31,938	46,149

Note 21. Related parties

Greenship Gas Trust holds the entire share capital of the entity.

The Company is included in the consolidated financial statements of the largest and smallest group:

Jaccar Holding SAS, Monteé de l´Université, Rue Joseph Biaggi CS 70329, 13331 Marseille

Greenship Gas Trust, 60 Paya Lebar Road, #08-29 Paya Lebar Square, Singapore 409051

Related party transactions

	2021 USD	2020 USD
Group		
Interest expenses	140,074	603,155
Receivables from group enterprises	677,119	13,697
Payables to group enterprises	0	17,710,251
Parent company		
Management fee (expense)	20,000	20,000
Interest income	51,786	119,436
Interest expenses	156,941	648,288
Receivables from group enterprises	3,661,080	3,339,254
Payables to group enterprises	1,082,168	25,576,031

Transactions with the Executive Board comprising remuneration have all been made on arm's length basis. No remuneration has been paid to the Board of Directors.

Notes

Note 22. Non-cash items, etc., cash flow statement

	2021 USD	2020 USD
Depreciation and loss from disposal of asset	7,882,118	7,976,200
Changes in other non-current assets	339,922	339,922
Changes in other non-current liabilities	(98,144)	(98,143)
Financial expenses	6,655,993	9,075,020
Share of result in associated company	0	47,303
Tax for the year	23,864	33,836
Total non-cash items	14,803,753	17,374,138

Note 23. Changes in working capital, cash flow statement

	2021 USD	2020 USD
Changes in receivables	(100,779)	1,098,202
Changes in inventories	(3,107)	29,856
Changes in trade payables	(26,250)	(923,845)
Changes in other payables	(410,516)	(2,919,674)
Total changes in working capital	(540,652)	(2,715,461)

	Group		Parent company	
	2021 USD	**2020 USD**	**2021 USD**	**2020 USD**
Note 24. Appropriation of profit				
Profit to be appropriated:				
Net profit for the year	7,540,550	7,563,385	7,829,482	9,648,637
Total appropriation for the year	**7,540,550**	**7,563,385**	**7,829,482**	**9,648,637**