



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 120 013
Organisasjonsform: Aksjeselskap
Foretaksnavn: WELCO ECO SHIP AS
Forretningsadresse: Fabrikkgaten 6
5059 BERGEN

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Linda Herfindal
Dato for fastsettelse av årsregnskapet: 03.04.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 21.07.2022



Resultatregnskap

Beløp i: USD	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	7, 15	34 792 095	33 089 791
Sum inntekter		0	0
Kostnader			
Varekostnad	7, 11	418 635	400 588
Avskrivning på varige driftsmidler og immaterielle eiendeler	2	3 872 978	3 843 113
Annen driftskostnad	11,4	5 907 780	5 556 788
Sum kostnader		10 199 392	9 800 490
Driftsresultat		7 196 656	6 744 406
Finansinntekter og finanskostnader			
Sum finansinntekter	9	26 030	115 861
Sum finanskostnader	9	4 445 437	4 236 902
Netto finans		-4 161 788	-4 079 447
Ordinært resultat før skattekostnad		3 034 867	2 664 959
Skattekostnad på ordinært resultat	6		
Ordinært resultat etter skattekostnad		3 034 867	2 664 959
Årsresultat		0	0



Balanse

Beløp i: USD	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	0
Varige driftsmidler			
Skip, rigger, fly og lignende	2, 12	79 061 860	82 279 935
Sum varige driftsmidler		79 061 860	82 279 935
Finansielle anleggsmidler			
Sum finansielle anleggsmidler		0	0
Sum anleggsmidler			
		0	0
Omløpsmidler			
Varer			
Varer		204 170	171 266
Sum varer		0	0
Fordringer			
Andre fordringer	3, 14	164 077	47 365
Sum fordringer		0	0
Investeringer			
Sum investeringer		0	0
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	10, 14	11 130 259	9 503 146
Sum bankinnskudd, kontanter og lignende		11 130 259	9 503 146
Sum omløpsmidler			
		11 498 506	9 721 777
SUM EIENDELER			
		90 560 365	92 001 712

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: USD	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Selskapskapital	5	18 103 683	18 103 683
Annen innskutt egenkapital		0	0
Sum innskutt egenkapital	5	21 152 701	18 117 834
Opptjent egenkapital			
Annen egenkapital	5	3 049 018	14 151
Sum opptjent egenkapital		3 049 018	14 151
Sum egenkapital		0	0
Gjeld			
Langsiktig gjeld			
Sum avsetninger for forpliktelser		0	0
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8, 13, 14	63 354 590	67 144 196
Sum annen langsiktig gjeld		63 354 590	67 144 196
Sum langsiktig gjeld		0	0
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8, 13, 14	3 789 606	3 789 606
Betalbar skatt	6	17 331	16 842
Annen kortsiktig gjeld	3, 14	2 246 137	2 933 233
Sum kortsiktig gjeld		6 053 074	6 739 681
Sum gjeld		69 407 664	73 883 878
SUM EGENKAPITAL OG GJELD		90 560 365	92 001 712



Skatteetaten

Saksbehandler Rune Tystad	Deres dato 28.06.2017	Vår dato 30.06.2017
Telefon 97759464	Deres referanse Linda Herfindal	Vår referanse 2017713081

WELCO ECO SHIP AS
Postboks 1192 Sentrum
5811 BERGEN

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Welco Eco Ship AS, org.nr. 917 120 013

– Vi viser til deres brev av 30. juni 2017 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Welco Eco Ship AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Welco Eco Ship AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

Fra deres søknad gjengis:

Welco Eco Ship AS er et shippingselskap med hovedkontor i Bergen. Selskapet eier to kjemikalietankere som opererer i internasjonalt farvann.

Selskapet opererer således i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Selskapet benytter også engelsk som arbeidsspråk.

Welco Eco Ship AS er en del av konsernet Skibsaktieselskapet Navigation Co Ltd. Skibsaktieselskapet Navigation Co Ltd. er eid av norske holdingselskaper. Aksjonærstrukturen er således begrenset, og aksjonærene ønsker at engelsk språk benyttes.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse
Postboks 9200 Grønland
0134 Oslo
skatteetaten.no/sendepost

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318

Sentralbord
800 80 000
Telefaks
22 17 08 60



"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er en del av konsernet Skibsaktieselskapet Navigation Co Ltd. og at eierkretsen er begrenset. Videre er det vektlagt at selskapet opererer innen en bransje der engelsk er det dominerende språket og at arbeidsspråket i selskapet er engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer



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Signers:

Name	Method	Date
Pettersen, Bernt Jacob Schwings	BANKID_MOBILE	2021-04-21 16:50 GMT+2
Westfal-Larsen, Rolf	BANKID_MOBILE	2021-04-21 16:54 GMT+2
Muller, Bernt Ulrich A	BANKID_MOBILE	2021-04-21 17:09 GMT+2

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- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.



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Annual report 2020

Welco Eco Ship AS
2020

Board of directors' report

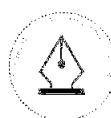
Annual accounts

- Profit and loss account 01.01.-31.12.
- Balance sheet
- Equity reconciliation
- Cash flow statement
- Notes

Auditors' report

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Welco Eco Ship AS



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Annual Report of the Board of Directors 2020

The core business of Welco Eco Ship AS is ownership of the vessels MT Leikanger and MT Lindanger. Technical operation of the ships is entrusted to Westfal-Larsen Management AS, while commercial operation is in the responsibility of Westchart AS.

The company was founded in April 2016 as a special purpose entity (SPE) established in conjunction with a refinancing of MT Leikanger and MT Lindanger in the US Private Placement market.

Both vessels are employed on long-term time charters.

The company's operations are conducted within the international environmental requirements that apply to this kind of maritime activity. Ownership of vessels involves a risk of pollution to the external environment. American legislators have introduced stringent rules that may entail unlimited liability for oil spills in US waters. By using recognized quality assurance principles the company is seeking, via the services procured from Westfal-Larsen Management AS, to limit this risk by means of:

- Safe operating routines
- Adequate current maintenance
- Adequate insurance coverage
- Ensuring that operations are conducted by qualified personnel.

The company has limited financial risk due to income and expenses mainly are in USD, and the company has no interest rate risk through a long-term fixed rate financing scheme with maturity in April 2031.

It is the opinion of the Board of Directors that the company's financial position is satisfactory. The company has a book to equity ratio of 23.4% (19,8% in 2019). Operating profit was USD 7.2 million (USD 6.8 million in 2019), and the profit and loss accounts after tax recorded a profit of USD 3.0 million (USD 2.7 million in 2019). The company has reported satisfactory earnings in 2020 and the Board of Directors expects the same in 2021. The company's liquidity is good, with liquid funds of USD 11.1 million consisting of bank deposits and US Treasury securities, of which USD 5.3 million is tied up as collateral. The company had a positive cash flow from operating activities of USD 7.6 million, a negative cash flow of USD 5.4 million from financing activities and a negative cash flow of USD 0.7 million from investing activities.

It is the opinion of the Board of Directors, the presented profit and loss accounts and the balance sheet with accompanying notes provide adequate information about the year's operations and company's status at the end of 2020. In conformity with the rules of International Financial Reporting Standards ("IFRS"), it is hereby certified that the accounts are presented on the going-concern assumption.

At the time of writing, there is still a high degree of uncertainty related to the impact of the COVID-19 virus outbreak. However, for the time being we do not expect that this will have a substantial negative

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impact on the company as the vessels are fixed on long term time charters. No other circumstances have arisen after the end of the financial year over and above those described in the foregoing that are of significance for assessment of the company and that are not stated in the annual accounts with the accompanying notes.

Welco Eco Ship AS has no employees. Westfal-Larsen Managements AS and Westfal-Larsen Group Resources AS provides administrative services to the company. The company is domiciled in Bergen, Norway, and fall within the Norwegian tonnage taxation scheme.

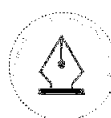
Bergen, 21.04.2021
Board of Welco Eco Ship AS

Bernt Jacob Pettersen
Chairman of the Board

Rolf Westfal-Larsen
Board member

Ulrich Müller
Board member/CEO

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Statement of profit (loss) and total comprehensive income 01.01-31.12

Welco Eco Ship AS

USD	Note	2020	2019
Cargo revenue	7, 15	<u>17 396 048</u>	<u>16 544 896</u>
Total revenues		<u>17 396 048</u>	<u>16 544 896</u>
Voyage-related costs	7, 11	418 635	400 588
Ordinary depreciation	2	3 872 978	3 843 113
Operating costs	11	5 764 509	5 487 696
Administration costs	4	<u>143 271</u>	<u>69 092</u>
Total operating costs		<u>10 199 392</u>	<u>9 800 490</u>
Operating profit (loss)		<u>7 196 656</u>	<u>6 744 406</u>
Financial income (excl. currency gain)	9	26 030	115 861
Financial costs (excl. currency losses)	9	4 316 628	4 216 105
Realised currency gains/(losses)		<u>128 810</u>	<u>20 797</u>
Net financial incomes (costs)		<u>-4 161 788</u>	<u>-4 079 447</u>
Profit (loss) before taxes		<u>3 034 867</u>	<u>2 664 959</u>
Taxes	6	<u>0</u>	<u>0</u>
Profit (loss) for the year		<u>3 034 867</u>	<u>2 664 959</u>
Other Comprehensive Income, net of tax		0	0
Total Comprehensive Income		<u>3 034 867</u>	<u>2 664 959</u>

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Welco Eco Ship AS



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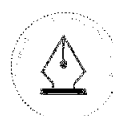
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Balance sheet as of December 31

Welco Eco Ship AS

USD	Note	2020	2019
ASSETS			
Vessels	2, 12	<u>79 061 860</u>	<u>82 279 935</u>
Total non-current assets		<u>79 061 860</u>	<u>82 279 935</u>
Stocks on board vessels		204 170	171 266
Other receivables	3, 14	164 077	47 365
Cash and cash equivalents	10, 14	<u>11 130 259</u>	<u>9 503 146</u>
Total current assets		<u>11 498 506</u>	<u>9 721 777</u>
Total assets		<u>90 560 365</u>	<u>92 001 712</u>





Balance sheet as of December 31

Welco Eco Ship AS

USD	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	5	18 103 683	18 103 683
Other reserves	5	<u>3 049 018</u>	<u>14 151</u>
Total equity	5	<u>21 152 701</u>	<u>18 117 834</u>
Non-current interest bearing debt	8, 13, 14	<u>63 354 590</u>	<u>67 144 196</u>
Total non-current liabilities		<u>63 354 590</u>	<u>67 144 196</u>
Current portion of interest bearing debt	8, 13, 14	3 789 606	3 789 606
Taxes payable	6	17 331	16 842
Other current liabilities	3, 14	<u>2 246 137</u>	<u>2 933 233</u>
Total current liabilities		<u>6 053 074</u>	<u>6 739 681</u>
Total liabilities		<u>69 407 664</u>	<u>73 883 878</u>
Total equity and liabilities		<u>90 560 365</u>	<u>92 001 712</u>

Bergen, 21.4.2021
Board of Welco Eco Ship AS

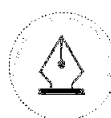
Bernt Jacob Schwings Pettersen
Chairman

Rolf Westfal-Larsen
Board member

Ulrich Müller
Board member/CEO

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Welco Eco Ship AS



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Equity reconciliation

USD

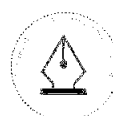
The company's share capital is divided between 100 shares at face value NOK 1 497 188,10 each. Welco Eco Ship AS is 100 % owned by Welco Eco Shipholding AS.

	Share capital	Retained Earnings	Total
Owners equity 01.01.	18 103 683	14 151	18 177 834
Profit for the year	0	3 034 867	3 034 867
Dividend	0	0	0
Group contribution	0	0	0
Owners equity 31.12.	18 103 683	3 049 018	21 152 701

Prior year equity movement:

	Share capital	Retained Earnings	Total
Owners equity 01.01.	18 103 683	9 192	18 112 875
Profit for the year	0	2 664 959	2 664 959
Dividend	0	-1 300 000	-1 300 000
Group contribution	0	-1 360 000	-1 360 000
Owners equity 31.12.	18 103 683	14 151	18 177 834

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Cash flow statement 01.01 -31.12

Welco Eco Ship AS

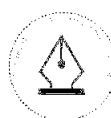
USD

	2020	2019
Cash flow from operational activities		
Profit/(loss) for the year before tax	3 034 867	2 664 959
Ordinary depreciation	3 472 978	3 443 113
Depreciation of capitalised docking costs	400 000	400 000
Amortisation of deferred costs	221 928	237 054
Reduction (increase) in current assets	-196 105	82 394
Increase (reduction) in short-term liabilities	719 393	-21 258
Changes in other accrual accounting items	489	-178
Net cash flow from operational activities	7 653 550	6 806 085
Cash flow from investment activities		
Investments in vessel and other fixed items	-654 903	0
Cash flow from financing activities		
Repayment of long-term loans	-4 011 534	-3 789 673
Paid dividend	0	-1 300 000
Paid group contribution	-1 360 000	-2 500 000
Net cash flow from financing activities	-5 371 534	-7 589 673
Net change in cash and cash equivalents	1 627 113	-783 588
Cash and cash equivalents at 01.01	9 503 146	10 286 733
Cash and cash equivalents at 31.12*	11 130 259	9 503 146

*) Cash and cash equivalents include cash, bank deposits and securities

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Welco Eco Ship AS



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Notes to the accounts for 2020

USD

Note - 1 Accounting Principles

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are mandatory for financial years beginning on or after 1 January 2020. The company's financial statements are presented in USD. The Company's accounts are part of the consolidated accounts for Skibsaktieselskapet Navigation Co. Ltd., Bergen.

Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year. For amendments to IFRS that had mandatory effectiveness from 1 January 2020, none have had any effect on the financial statements. The company has not early adopted any issued amendments.

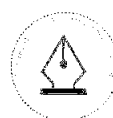
The use of estimates and assessment of accounting policies when preparing the annual accounts

The management uses estimates and assumptions that affect assets, liabilities, incomes, expenses and information on potential liabilities. This particularly applies to the determination of useful life, residual value, revenue forecasts (after long term contract expiry), and discount rate - which are assumptions used when assessing depreciation and impairment cost. Assumptions are also used in the assessment of accounting for lease. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on best estimates and historical experience. Changes in accounting estimates are recognized during the period when the changes take place. If the changes also apply to future periods, the effect is divided among the present and future periods.

Revenue recognition

Time charter revenue is based on contracts where the Company delivers a vessel including crew to a client. The company's time-charter contracts consist of a bareboat component and a service component. The bareboat period starts from the time the vessel is made available to the customer and expires on the agreed return date. The Bareboat component is recognized within the scope of IFRS 16, while the service component is recognized within the scope of IFRS 15. Both the service and the bareboat component are recognized as revenue over the lease period on a straight-line basis, as the time pattern for the use of both the leased vessel and the services provided are considered to be the same.

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Operational Lease

Operating leases

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The Company presents assets it has leased to others as non-current assets in the balance sheet. The rental income is recognised as revenue on a straight-line basis over the term of the lease. Direct costs incurred in establishing the operating lease are included in the leased asset's carrying amount and are expensed over the term of the lease on the same basis as the rental income.

Classification and valuation of balance sheet items

Current assets and short-term liabilities include items that fall due for payment within one year after the date of acquisition. Other items are classified as non-current assets or liabilities.

Tangible assets

Tangible assets are measured at historical cost, which includes purchase price, capitalized interest and other expenses directly related to the assets. The carrying value of the tangible assets in the balance sheet represents the cost less accumulated depreciation and any impairment charges. We estimate residual value at the estimated time of disposal of assets, which is generally at the end of their useful life.

To assess the residual value of ships we use the current estimated scrap value. The residual value of the vessels' are based on prices for similar tonnage sold for recycling. The residual values are measured at least on a yearly basis and any changes have an effect on future depreciations.

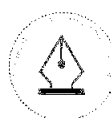
The Company allocates the amount initially recognized in respect of an item of tangible asset to its significant components and depreciates separately each such component over their useful lives. The book value of ships is split into two components, ships and periodic maintenance. Day-to-day repairs and maintenance costs are charged to the income statement as they are incurred. The cost of major renovations and periodic maintenance is included in the asset's carrying amount. At the time of investing in a ship a portion of the purchase price is defined as periodic maintenance. The investment is depreciated over the remaining useful life of the asset and for the periodic maintenance part over the period until the next periodic maintenance.

Expected useful lives of non-current assets are reviewed at each balance sheet date, and where they differ significantly from previous estimates, depreciations are adjusted accordingly.

Impairment test chemical tanker vessels

The chemical tanker fleet is reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may not be recoverable. Management

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measures the recoverable amount of an asset or Cash Generating Unit (CGU) by comparing its carrying amount to the higher of its fair value less cost of disposal or value in use that the asset or CGU is expected to generate over its remaining useful life.

If an asset or CGU is considered to be impaired, impairment is recognized in an amount equal to the excess of the carrying amount of the asset or CGU over its recoverable amount.

Management makes assumptions regarding future cash inflows and outflows based on existing contracts, historical experience, financial forecasts, expected growth in ship supply, market demand and discount rate (value in use calculation). Management also makes assumptions regarding residual values of the ships. If actual results differ from estimates and assumptions used in estimating future cash flows, then the Company may be exposed to future impairment losses that could be material.

Currency

The Company's functional and presentation currency is USD. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. At the end of each reporting period foreign currency monetary items are translated using the closing rate, non-monetary items that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction and non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Changes in the exchange rate are recognized continuously in the accounting period.

Financial instruments

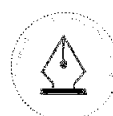
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

The Company's financial assets are: trade receivables and cash and cash equivalents. The Company measures these assets at amortized cost. The Company's Financial assets at amortized cost are subsequently subject to impairment. Gains and losses are recognized in profit or loss when the asset is impaired.

Trade receivables that do not contain a significant financing component are measured at the transaction price, and impaired based on estimated credit loss (ECL). For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk

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since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

Financial liabilities

The Company's financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives with fair value through profit and loss. The Company does not have derivatives designated as hedging instruments in effective hedges. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans, borrowings and payables

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (effective interest rate) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Stocks onboard vessels

Stocks onboard vessels are recognized at cost. The cost is arrived at using the FIFO method.

Taxes

Taxes in the profit and loss account include both the period's due taxes and the change in deferred tax/tax asset. With effect from 2007, a new system has been introduced for taxation of shipowning entities on certain conditions; these are granted a final tax exemption for their current operating revenues. Untaxed revenue related to the environmental fund will not be

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taxed until the company withdraws it or leaves the scheme. Irrespective of the company's results, a tonnage tax is imposed. The tonnage tax is classified as an operating cost. Taxes posted in the profit and loss account reflect the period's due taxes, as well as changes in deferred tax/tax assets. Deferred tax is calculated as 22 % of the timing differences between the book and fiscal values, and take into account tax losses that are deferred at the end of the accounting year.

Cash flow statement

The cashflow statement has been prepared on the indirect method. Cash and cash equivalents include cash in hand, bank deposits and securities.

Related parties

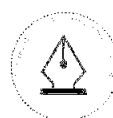
In the normal course of the conduct of its business, the Company enters into transactions with related parties. The Company considers these arrangements to be on reasonable market terms.

Events after the balance sheet date

Events after the balance sheet date that do not affect the Company's position at the balance sheet date, but which will materially affect the Company's position in the future are stated.

Amendments to standards with a future effective date

The Company's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are not expected to impact the financial statements for the Company.



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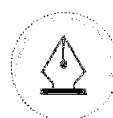
Note 2 Tangible fixed assets

	Vessels	Docking	Total
Acquisition cost 01.01.	94 203 130	1 648 889	95 852 019
Additions	0	0	0
Disposals	0	0	0
Original cost 31.12	94 203 130	1 648 889	95 852 019
Acc.ordinary depreciation 31.12	-15 968 395	-1 476 667	-17 445 062
Balance-sheet values 31.12	78 234 735	172 222	78 406 957
Depreciation for the year	3 472 978	400 000	3 872 978

Prior year

	Vessels	Docking	Total
Acquisition cost 01.01.	94 472 019	1 380 000	95 852 019
Additions	-268 889	268 889	0
Disposals	0	0	0
Original cost 31.12	94 203 130	1 648 889	95 852 019
Acc.ordinary depreciation 31.12	-12 495 418	-1 076 667	-13 572 085
Balance-sheet values 31.12	81 707 712	572 222	82 279 934
Depreciation for the year	3 443 113	400 000	3 843 113

For all tangible fixed assets, straight-line depreciation is employed. Depreciation of chemicals ships is based on a 25-year economic life. Docking costs are depreciated over five years. Scrap value is not subject to depreciation. The scrap value of the vessels are stipulated 01.01.2020 based on prices for similar tonnage sold for recycling and assessed at year end. Docking depreciation is classified as operating cost and included in the reported operating costs.



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Note 3 Receivables - Liabilities

	2020	2019
Short term receivables		
Receivables Group	901	47 365
Total	901	47 365

Short term liabilities		
Group Contribution	0	1 360 000
Other Receivables Intra-group	798 561	0
Contract liabilities	1 447 576	1 573 233
Total	2 246 137	2 933 233

Contract liabilities consists of prepaid lease and will be recognized as revenue in 2021. Opening balance contract liabilities have been recognized as revenue during 2020.

Note 4 Administration costs

	2020	2019
Agency fee	130 088	48 500
Other administration costs	13 183	20 592
Total administration costs	143 271	69 092

Remuneration 2020 - USD

The gross remuneration to the CEO and Board of Directors is paid by Westfal-Larsen Management AS, and a share of this cost is paid by the company as a part of the freight commission paid to Westchart AS.

The Board of Directors

No director's fees have been paid for the 2020 financial year, nor have any loans been made or security furnished to The Board of Directors.

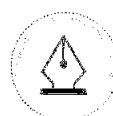
Employees

The company has no employees and is therefore not obliged to have a service pension under the Act relating to Mandatory Service Pension.

Auditor fee has been divided as follows - USD: The figures is exclusive value added tax.

	2020	2019
Audit fee	12 767	20 090
Other services	0	502
Total	12 767	20 592

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Note 5 Owners equity

The company's share capital is divided between 100 shares at face value NOK 1 497 188,10 each. Welco Eco Ship AS is 100 % owned by Welco Eco Shipholding AS.

	Share capital	Retained Earnings	Total
Owners equity 01.01.	18 103 683	14 151	18 117 834
Profit for the year	0	3 034 867	3 034 867
Dividend	0	0	0
Group contribution	0	0	0
Owners equity 31.12.	18 103 683	3 049 018	21 152 701

Prior year equity movement:

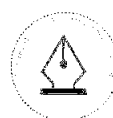
	Share capital	Retained Earnings	Total
Owners equity 01.01.	18 103 683	9 192	18 112 875
Profit for the year	0	2 664 959	2 664 959
Dividend	0	-1 300 000	-1 300 000
Group contribution	0	-1 360 000	-1 360 000
Owners equity 31.12.	18 103 683	14 151	18 177 834

Note 6 Taxes

The company's taxes are calculated on the basis of the net financial income, including the currency gain/loss in NOK. Taxes calculated in NOK are based on the USD/NOK exchange rate per 31. December 2020.

<i>Due taxes are calculated as follows</i>	2020	2019
Net financial income including currency gain/loss	-3 386 563	-4 668 456
Deferred costs	221 344	225 008
Non-taxable currency gain/loss on long-term liabilities	628 599	519 465
Non-taxable currency gain/loss on short-term receivables/liabilities	-1 260 200	5 279
Non-taxable interest on long term liabilities	3 813 449	3 546 265
Change in timing differences	-12 050	372 439
Basis for due taxes	0	0
Tonnage tax	17 331	16 842
Total due taxes	17 331	16 842

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<i>Temporary differences outlined</i>	2020	2019
Losses to be carried forward	-1 587 343	-1 554 273
Securities	825	222 799
Total timing differences	-1 586 518	-1 331 474
22% deferred tax/(tax assets)	-349 034	-292 924

Deferred tax assets are not included in the balance sheet due to uncertainty whether the company can make use of this against future taxable financial income.

Tonnage tax is classified as operating cost and included in the reported operating costs.

Note 7 Segment information

	2020	2019
	Business area	Business area
	Chemicals	Chemicals
Cargo revenues	17 396 048	16 544 896
Voyage related costs	418 635	400 588
Voyage result on T/C basis	16 977 413	16 144 308

All revenues are related to the same counterparty, located in Canada.
The revenues are based on a long-term time-charter agreement with a trading period of 15 years.

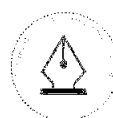
Note 8 Interest bearing debt

USD 1000

	2020	2019
Loans from credit institutions	68 559	72 570
Borrowing costs	1 415	1 636
Total interest bearing debt	67 144	70 934
Current portion of long-term interest bearing debt	4 012	4 012
Current portion of borrowing cost	222	222
Total current portion of long-term interest bearing debt	3 790	3 790
Total non-current interest bearing debt	63 355	67 144

Borrowing costs are deferred and charged net result over the life of the underlying debt using the effective interest rate method. During 2020 USD 221 394 has been charged to the income statement.

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Maturity of interest bearing debt as at 31 December 2020.

USD 1000	2021	2022	2023	2024	2025	2026+	Total
Loans from credit institutions	3 854	4 436	4 682	4 956	5 217	45 413	68 559
Total interest bearing debt	3 854	4 436	4 682	4 956	5 217	45 413	68 559
Interest payable	3 553	3 342	3 100	2 843	2 573	8 624	24 034
Total liabilities	7 407	7 778	7 782	7 799	7 790	54 037	92 593

The company's debt to credit institutions is secured by mortgages over vessels. As of 31 December 20 the debt was USD 68 559 thousand. Recognised value of vessels furnished as security for mortgage debt was USD 78 407 thousand. Average fixed interest rate is 5,33%. The interest is fixed over the entire life of the underlying debt which is 15 years.

Note 9 Financial items

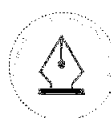
	2020	2019
Interest received	2 559	12 415
Gain on securities	23 471	103 446
Total financial income	26 030	115 861
Interest paid	3 914 459	3 978 770
Other financial cost	402 168	237 334
Total financial costs	4 316 628	4 216 105
Net financial costs	4 290 598	4 100 244

Note 10 Cash and cash equivalents

	2020	2019
Cash at bank available	5 797 418	4 343 776
Reserve Account	825	934
Short-term investments in securities	5 332 016	5 158 437
Cash and cash equivalents	11 130 259	9 503 146

Short-term investments in liquid securities are made for three months period on a rolling basis. The company has USD 5,33 million tied up as collateral offset on a Reserve Account and in US Treasury securities compared to USD 5,55 million in 2019.

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The company has no escrowed bank deposits

Note 11 Transactions with associated companies

	2020	2019
Coverage of operating costs for ships		
Westfal-Larsen Management AS	4 235 352	5 470 854
Total	4 235 352	5 470 854
Commission fees		
Westchart AS	397 033	398 579
Total	397 033	398 580

Westfal-Larsen Management AS is an affiliate and is responsible for technical operation of both ships owned by the company. Westfal-Larsen Management AS also performs the company's administrative functions. Westchart is an affiliate that is responsible for commercial operation of both ships owned by the company. The vessels MT Lindanger and MT Leikanger were acquired from Westfal-Larsen & Co AS in April 2016 and June 2016 respectively.

Note 12 Impairment of non-current assets

The Management has evaluated the need for potential impairment losses in accordance with the accounting principles in note 1 for the two ships.

For Welco Eco Ship's shipping activity the net present value of future cash flows has been calculated based on expected time-charter earnings for each ship over the remaining useful life of the ship. The net present value of future cash flows was based on WACC of 4,80 %.

There has not been any impairment losses in 2020. There were no impairment losses in 2019.

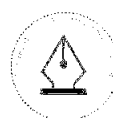
An increase of 1% point (to 5,8%) in the WACC would result in a decrease in the present value by approximately USD 10,7 million. Such increase in the discount rate would not result in an impairment of the ships. A decrease in revenues with 5% would decrease the net present value with USD 6,9 million. Such change would not result in impairment of the ships.

Note 13 Financial risk

Financial risk

The company was established as a Single Purpose Entity in conjunction with a long-term fixed rate financing scheme with maturity in April 2031 where the assets are concluded on long-term time charters. The company therefore has no interest rate risk or exposure towards changes in fuel prices. The company also has limited currency risk due to income and expenses are mainly in USD.

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Credit risk

The company's credit risk is mainly related to payments of charter hire from charterer, but the probability for default related to this is assessed to be low as the counterpart is regarded as Investment Grade.

Liquidity risk

The liquidity risk for the company is mainly related to potential default of debt service payments and operating expenses as they fall due. The company's strategy to minimize the risk for default is to have substantial liquidity available at any time, whereof USD 5.33 mill is offset on a Reserve Account and in US Treasury Securities.

Note 14 Financial assets and liabilities

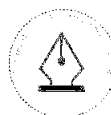
Fair value of financial instruments

For cash and cash equivalents and current liabilities the carrying amount is considered to be the best estimate of fair value for these instruments due to the short maturity date. Receivables are measured at nominal value, and carrying amount is considered the best estimate of fair value due to short maturity date and valid terms.

Fair value of Non-current interest bearing debt is assessed to USD 72.006.164 (USD 72 409 954 in 2019), whereas the book value is USD 68.558.802 (USD 72 570 336 in 2019). Fair value is calculated by adjusting the fixed interest rate with Risk Free interest rate (USD 10YR Government Bonds) at the time of valuation.

Note 15 Events after balance sheet day

At the time of writing, there is a high degree of uncertainty related to the impact of the COVID-19 virus outbreak. However, for the time being we do not expect that this will have a substantial negative impact on the company as the vessels are fixed on long term time charters. No other circumstances have arisen after the end of the financial year over and above those described in the foregoing that are of significance for assessment of the company and that are not stated in the annual accounts with the accompanying notes, hence the company will be able to meet its financial obligations and we confirm that the financial statement is concluded in accordance the going concern assumption.



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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 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.



Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Bergen, 21 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Eirik Moe
State Authorised Public Accountant (Norway)

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Eirik Moe

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