

 Legally signed by
Fredrik Platou
27.03.2020

 Legally signed by
Wilhelm Chr. Magelssen
27.03.2020

 Legally signed by
Jan Frederik Dyvi
27.03.2020

 Legally signed by
Peter D. Gram
27.03.2020

 Legally signed by
Lars Christian U Wiese
27.03.2020

Financial Statements 2019

Mediterranean Sea AS

Org.no.: 919 778 296

Profit and loss account

All figures in USD

	Note	2019	2018
Operating income and operating expenses			
Operating income	2	<u>3 308 667</u>	<u>3 743 077</u>
Operating income		3 308 667	3 743 077
Administrative expenses	4	414 181	389 177
Operating expenses	5	1 476 846	1 644 029
Depreciation and amortisation expenses	6	967 061	967 057
Other operating expenses		441	0
Total operating expenses		<u>2 858 530</u>	<u>3 000 263</u>
Net operating profit / loss		<u>450 137</u>	<u>742 814</u>
Financial income and expenses			
Other interest income		13 316	0
Currency gain		1 791	24
Financial income		<u>15 107</u>	<u>24</u>
Other interest expenses		71	6
Currency loss		12 333	3 595
Financial expenses		<u>12 404</u>	<u>3 601</u>
Net financial profit / loss		<u>2 702</u>	<u>-3 577</u>
Ordinary result before tax		452 839	739 237
Tax on ordinary result	9	<u>2 504</u>	<u>21 384</u>
Ordinary result after tax		450 335	717 853
Net profit / loss		<u>450 335</u>	<u>717 853</u>
Attributable to			
Transferred to other equity		<u>450 335</u>	<u>717 853</u>
Total	8	<u>450 335</u>	<u>717 853</u>

Balance

All figures in USD

	Note	2019	2018
Assets			
Non-current assets			
Tangible assets			
Contructions in progress		2 454 984	265 143
Vessels		14 649 743	15 416 913
Docking		3 834	203 725
Total tangible assets	6	<u>17 108 561</u>	<u>15 885 781</u>
Financial assets			
Total non-current assets		<u>17 108 561</u>	<u>15 885 781</u>
Current assets			
Inventories			
Bunkers and lubes		<u>54 802</u>	<u>86 394</u>
Total inventories		<u>54 802</u>	<u>86 394</u>
Receivables			
Accounts receivables		0	500
Receivables group companies		27 529	0
Other current receivables		<u>58 714</u>	<u>38 725</u>
Total receivables		<u>86 243</u>	<u>39 225</u>
Bank deposit			
Bank deposit		<u>1 162 599</u>	<u>1 578 131</u>
Cash and cash equivalentents		<u>1 162 599</u>	<u>1 578 131</u>
Total current assets		<u>1 303 644</u>	<u>1 703 750</u>
Total assets		<u>18 412 205</u>	<u>17 589 531</u>

Mediterranean Sea AS

Balanse

All figures in USD

	Note	2019	2018
Equity and liabilities			
Equity			
Paid-in equity			
Share capital	7	10 696	7 276
Share premium		<u>16 909 946</u>	<u>7 590 698</u>
Total paid-in equity	8	<u>16 920 642</u>	<u>7 597 974</u>
Retained earnings			
Other equity		<u>874 278</u>	<u>423 942</u>
Total retained earnings	8	<u>874 278</u>	<u>423 942</u>
Total equity	8	<u>17 794 920</u>	<u>8 021 916</u>
Liabilities			
Current liabilities			
Liabilities to group companies		25 361	9 322 668
Accounts payable		521 169	172 451
Tax payable	9	2 504	21 384
Other current liabilities		<u>68 251</u>	<u>51 112</u>
Total current liabilities		<u>617 285</u>	<u>9 567 615</u>
Total liabilities		<u>617 285</u>	<u>9 567 615</u>
Total equity and liabilities		<u>18 412 205</u>	<u>17 589 531</u>

18.03.2020

The board of Mediterranean Sea AS

Peter Dybwad Gram
chairman of the board

Jan Frederik Dyvi
member of the board

ars Christian Uchermann Wiese
member of the board

Fredrik Platou
member of the board

Wilhelm Christian Magelssen
member of the board

Notes

Note 1 Accounting principles

The annual accounts have been prepared in conformity with the Accounting Act and NRS 8 - Good accounting practice for small companies.

Currency

The accounts are presented in USD which is the Company's functional currency. Transactions in another currency (those other than functional currency) are translated at the foreign exchange rate at the dates of the transactions. Monetary items in another currency are translated into USD using the foreign exchange rate at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in another currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.

Operating revenues

Income from the sale of goods is recognised on the date of delivery. Services are recognised as income as they are delivered.

Tonnage tax regime

The company pay taxes in accordance with the Norwegian tonnage tax regime. This implies that shipping income is exempt from ordinary taxation, while finance income is subject to ordinary tax rules and tax rates. The company is subject to a tonnage tax on the basis of the net tonnage of the vessels owned by the company instead of ordinary income tax on shipping income.

Balance sheet classification

Current assets and short term liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

Fixed assets

Fixed assets are capitalised and appreciated over the economic lifetime of the asset. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date. Fixed assets are written down to a recoverable amount in the case of fall in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.

Inventories

Inventories are valued at the lower of acquisition cost and net sale value.

Notes

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Note 2 Income

	2019	2018
Charter income	3 308 667	3 743 077
Total	3 308 667	3 743 077

The company purchased M/V Mediterranean Sea on December 20, 2017.

Note 3 Number of employees, remunerations, audit fee etc.

The company has no employees.

There are no recorded remuneration to the board in 2019

Pension obligations

The company is not obliged to have a pension fund for the employees according to the Obligatory Pension Insurance Act (OTP).

Audit

The audit fee expense for 2019 amounts to USD 4 673 excl. VAT.

Additional fees for other services rendered amounts to USD 0 excl. VAT.

Note 4 Administrative expenses

	2019	2018
Corporate management fees	25 361	24 809
Audit fees	4 673	3 128
Legal fees	0	2 032
Commercial management fees	77 505	78 030
Technical management fees	134 000	130 000
Insurance	143 857	129 275
Other administrative expenses	28 785	21 903
Total	414 181	389 177

Notes

Note 5 Operating expenses

	2019	2018
Fixed operating expenses		
- technical operations / insurance	722 328	705 079
- crew expenses	754 518	938 950
Total fixed operating expenses	1 476 846	1 644 029
Total operating expenses	1 476 846	1 644 029

Technical management fee and insurance is presented as administration expenses.

Total operating expenses, incl. tech.mng.fee	1 610 846	1 774 029
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Note 6 Tangible assets

	Vessel	Docking	Constr. in progress	Total
Acquisition cost 01.01.2019	16 207 200	409 639	265 146	16 881 985
Acquisitions		0	2 189 838	2 189 838
Disposals	0	0	0	0
Acquisition cost 31.12.2019	16 207 200	409 639	2 454 984	19 071 823
Acc. depreciation 31.12.2019	-1 557 457	-405 805	0	-1 963 262
Acc. impairment 31.12.2019	0	0	0	0
Net value 31.12.2019	14 649 743	3 834	2 454 984	17 108 561
	Vessel	Docking	Constr. in progress	Total
Impairment for the period	0	0	0	0
Depreciations for the period	767 170	199 891	0	967 061
Depreciation rate	5,6 %	48,8 %	Not finalized per 31.12.19	
Depreciation schedule	Linear	Linear		
Estimated depreciation (years)	18			
Closing date	20.12.2017			

M/V Mediterranean Sea completed the scrubber installation and the docking on January 3, 2020, and was delivered to the charter later the same day.

The costs related to the scrubberproject and the docking is presented as "construction in progress" in the Financial Statements for 2019. As of December 31, 2020, USD 2 454 984 is capitalized. Total budgeted cost for these projects are in total USD 3 940 295. The remaining cost will be capitalized in 2020.

Notes

Note 7 Shareholders

The share capital in Mediterranean Sea AS as of 31/12/2019 consists of:

	Antall	Pålydende	Bokført
Ordinary shares	30 000	0,36	10 696
Sum		0	10 696

Ownership structure

	Antall	Eierandel	Stemmeandel
Gram Car AS	30 000	100,00	100,00
Totalt antall aksjer	30 000	100,00	100,00

Note 8 Equity capital

	Share capital	Share premium	Other equity/ uncovered loss	Total equity
Equity as of 1.1.2019	7 276	7 590 698	423 942	8 021 916
Debt conversion	3 420	9 319 248		9 322 668
Result for the year		0	450 335	450 335
Equity as of 31.12.2019	10 696	16 909 946	874 277	17 794 919

Notes

Note 9 Tax base /deferred tax

	2019	2018
Taxable result	11 383	4 751
	0	
<hr/> Net tax result of the year	<hr/> 11 383	<hr/> 4 751
Tax payable	2 504	1 093
Nominal tax - 22 % / 23 %		
Tonnage tax:		
Total net tonnage	46 800	46 800
Tonnage tax (based on NT 47,000)	20 078	20 291
<hr/> Total	<hr/> 20 078	<hr/> 20 291
Tax on ordinary result		
Tax payable	2 504	1 093
Tonnage tax	0	20 291
<hr/> Tax on ordinary result	<hr/> 2 504	<hr/> 21 384
This year taxes includes		
Tax payable	2 504	1 093
Tonnage tax	0	20 291
<hr/> Total	<hr/> 2 504	<hr/> 21 384

Tonnage tax is presented as an administrative expense as of 2019.

Note 10 Charges and guarantees

The vessel M/V Mediterranean Sea is mortgaged as security for Gram Car AS' Bond Loan.

Note 11 Going concern and events after the balance sheet date

In accordance with the rules in NRS 3 on events after the balance sheet date, as well as the rules in the Accounting Act on continuing operations, the company's board of directors and management refer to the ongoing global Covid-19 virus outbreak. The company is, like most businesses, affected by the outbreak in a negative way. The company will, in the opinion of the Board, be affected by lower ton-miles due to lower production of cars and reduced car sales globally, and potentially charterers coming into financial distress. This may further entail a risk of a potential breach of the company's financial covenants. At the time of preparation of the annual accounts, it is not yet possible to make a reliable estimate of the consequences this outbreak will have on the company's financial position. How the outbreak will affect the assumption of going concern will depend on how long the situation will last, what measures the authorities will take, and how the aforementioned risks will actually affect the company. However, based on current situation and the information available at the present time, the Board of Directors considers it reasonable to use the assumption of going concern in the preparation of the annual accounts.