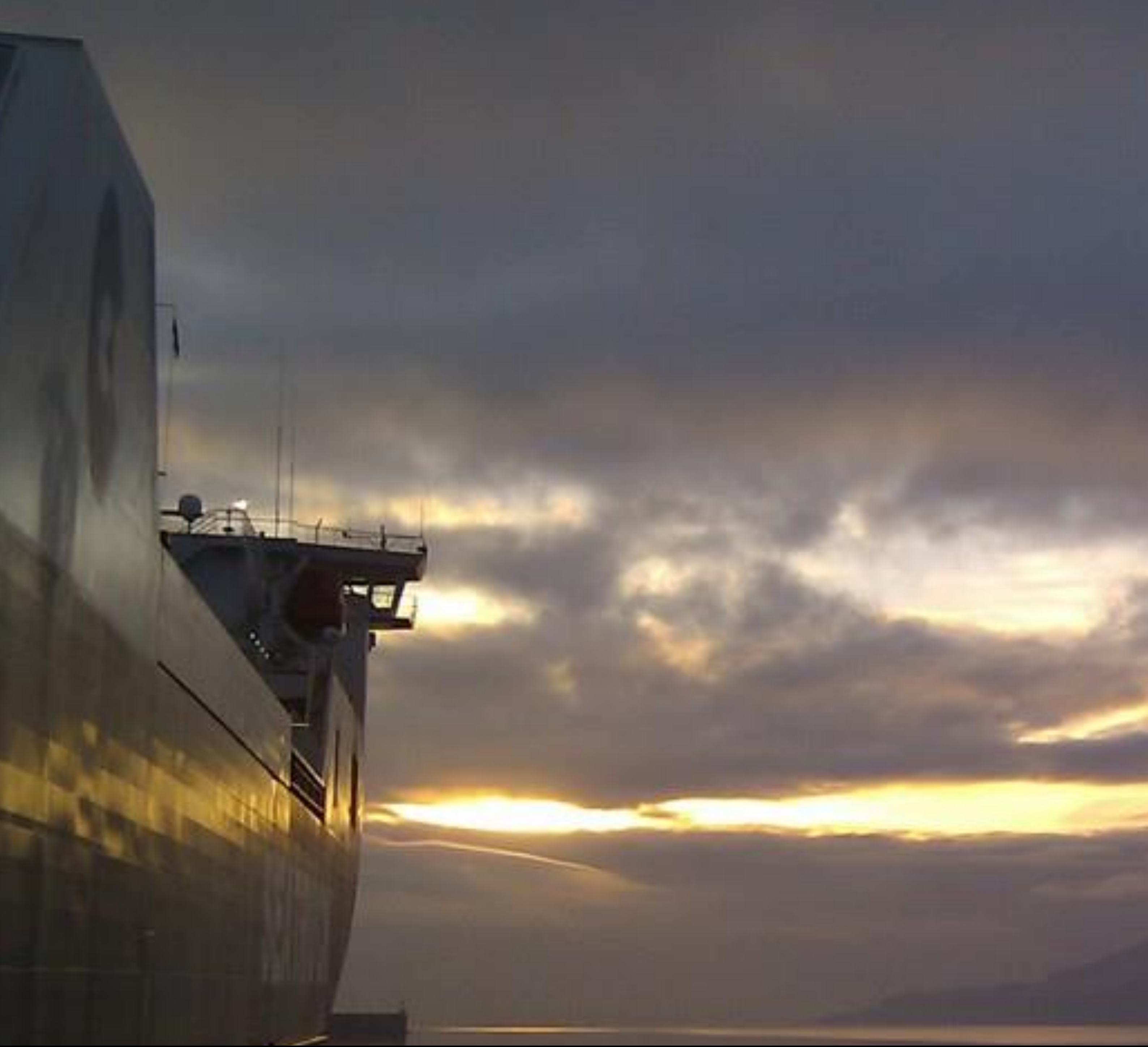


CLIPPER GROUP A/S

Central Business Registration No 29 89 18 18

Annual Report 2020

The Annual General Meeting adopted the annual report on June 7, 2021

Chairman of the Annual General Meeting

CLIPPER GROUP A/S | Sundkrogsgade 19 | 2100 Copenhagen, Denmark

COMPANY
Clipper Group A/S
Sundkrogsgade 19
2100 Copenhagen Ø, Denmark

Central Business Registration No. 29 89 18 18
Registered in: City of Copenhagen

Phone: +45 4911 8000
www.clipper-group.com

EXECUTIVE MANAGEMENT

Amrit Peter Kalsi, Group CEO, Clipper Group (born 1975)

Henrik Kvist-Jacobsen, Group CFO, Clipper Group (born 1968)

BOARD OF DIRECTORS

Peter Hald Appel, Chairman (born 1961)

Partner, Head of Shipping/Offshore/Transportation, Gorrissen Federspiel. Member of the Board since 2013

Other board assignments include: Fayard A/S (Chairman), Deloitte Fonden (Chairman), A/S United Shipping & Trading Company, Bunker Holding A/S, SDK A/S, Uni-Tankers A/S, Norchem A/S, BIMCO Informatique A/S, The Danish Branch of Comité Maritime International (Chairman) and Member of the Committee for Maritime law under the Danish Ministry of Economic and Business Affairs

Frank Gülnar Jensen, Vice-Chairman (born 1966)

Chairman & Partner, Clipper Group. Member of the Board since 2000

Other board assignments include Greystone Capital Partners A/S

Torben Gülnar Jensen (born 1942)

Founder & Partner, Clipper Group. Member of the Board since 1985

Mikael Øpstun Skov (born 1963)

CEO, Hafnia Tankers. Member of the Board since 2014

Other board assignments include: Kapitalforeningen BLS Invest

AUDITORS

Deloitte Statsautoriseret Revisionspartnerselskab

CONTENTS

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Management have today considered and approved the annual report of Clipper Group A/S for the financial year January 1 to December 31, 2020.

The annual report is presented 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 December 31, 2020 and of their results and the consolidated cash flows for the financial year January 1 to December 31, 2020.

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

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

Copenhagen, June 7, 2021

Executive Management

Amrit Peter Kalsi
Group CEO

Henrik Kvist-Jacobsen
Group CFO

Board of Directors

Peter Hald Appel
Chairman

Frank Gülnar Jensen
Vice-Chairman

Torben Gülnar Jensen

Mikael Øpstun Skov

INDEPENDENT AUDITOR’S REPORT

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Clipper Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Clipper Group A/S for the financial year January 1 to December 31, 2020, which comprise the statements of profit and loss, financial position and 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 for the Group. 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 December 31, 2020, and of the results of their operations and the consolidated cash flows for the Group for the financial year January 1 to December 31, 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the 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 Parent'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 Group or 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 Parent'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 Parent'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.

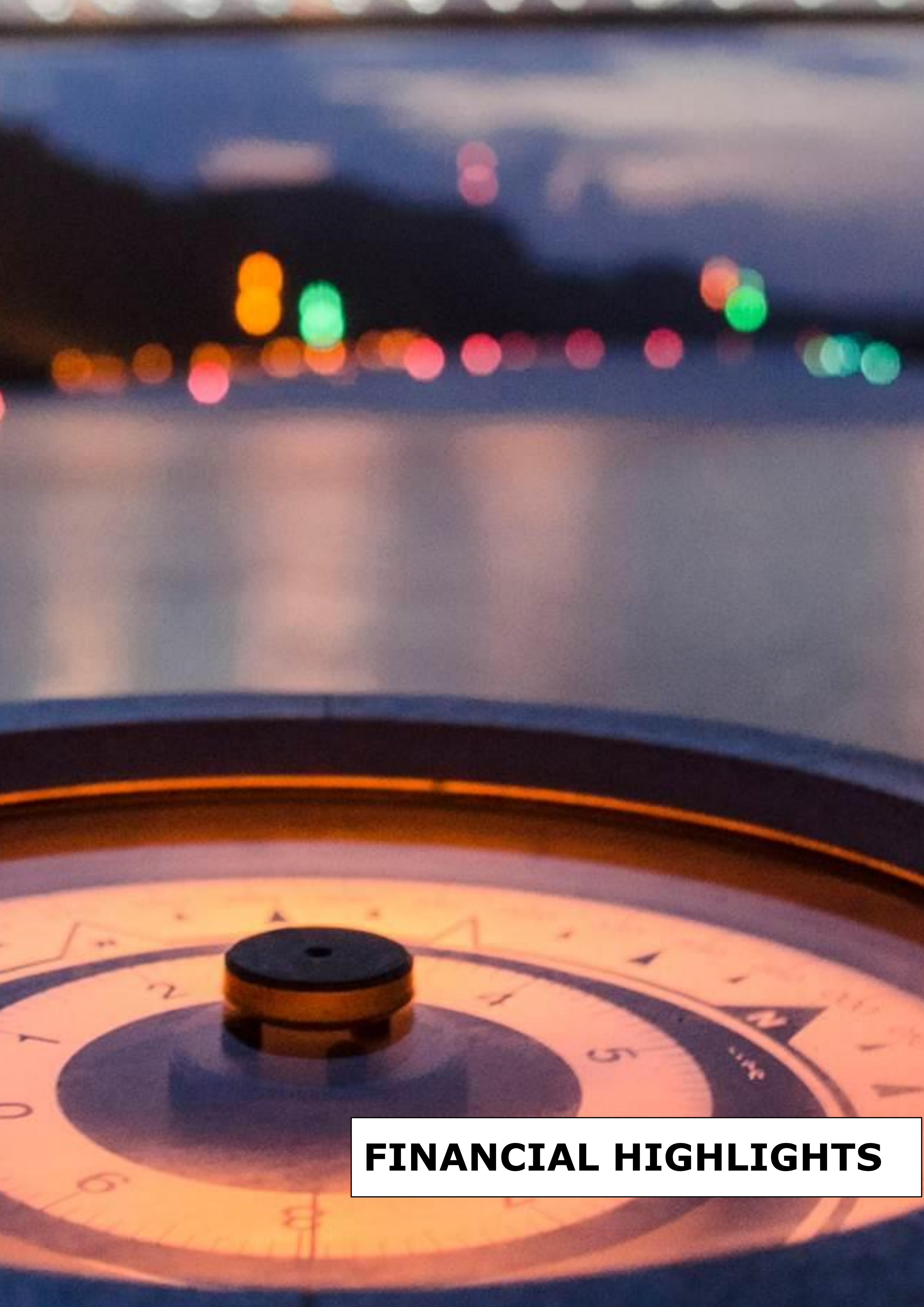
Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, June 7, 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No. 33 96 35 56

Kim Takata Mücke
State Authorized Public Accountant
mne10944

Bjarne Iver Jørgensen
State Authorized Public Accountant
mne35659



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Key figures	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000	2016 USD'000
Revenue	101,979	108,091	113,066	217,611	220,965
Profit/(loss) before depreciation etc	29,502	24,767	25,708	77,839	85,535
Impairment losses	(1,486)	-	-	(6,549)	-
Operating profit/(loss)	11,669	10,069	13,353	(11,790)	9,937
Net financials and profit/(loss) from other financial assets	(13,841)	1,368	(12,281)	(10,465)	(25,672)
Profit/(loss) for the year	(7,123)	11,145	378	(18,954)	(12,919)
Investment in tangible assets	1,221	3,622	126,301	5,456	4,308
Interest-bearing debt	189,963	181,141	207,092	139,074	139,296
Equity	155,500	163,165	152,077	151,538	161,011
Assets, total	383,816	396,114	421,323	353,728	357,195
Ratios					
Profit margin (%)	11.4	9.3	11.8	(5.4)	4.5
Return on assets (%)	3.0	2.5	3.2	(3.3)	2.8
Return on equity (%)	(4.5)	7.1	0.2	(12.1)	(7.8)
Equity ratio (%)	40.5	41.2	36.1	42.8	45.1

Ratios

The ratios have been compiled applying the formulas listed below:

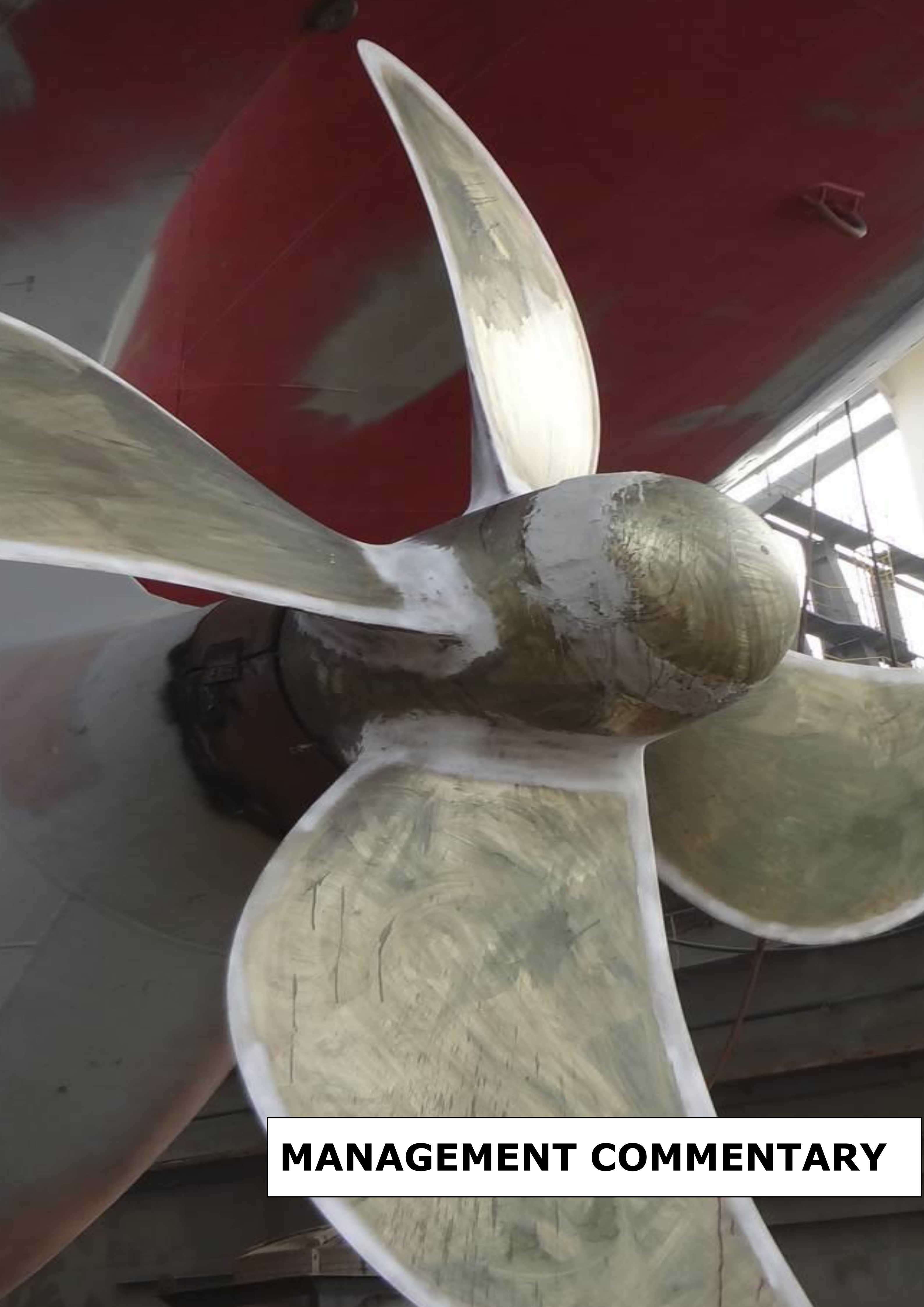
Profit margin $= \frac{\text{Operating profit/(loss) x 100}}{\text{Revenue}}$

Return on assets $= \frac{\text{Operating profit/(loss) x 100}}{\text{Assets, total}}$

Return on equity $= \frac{\text{Profit/(loss) for the year x 100}}{\text{Average equity}}$

Equity ratio $= \frac{\text{Equity x 100}}{\text{Assets, total}}$

Significant changes to the composition of Clipper Group A/S took place in 2018 with the divestments of the Ferry, Fleet Management and Bulk segments. Following these changes, Clipper Group A/S in 2018 effectively became a holding company for Seatruck Ferries and some companies with no or limited activity. Comparative figures for 2016-2017 have not been restated to reflect these changes.



MANAGEMENT COMMENTARY

MANAGEMENT COMMENTARY

Clipper Group A/S is a Danish fully owned subsidiary of Clipper Group Ltd., a privately-owned company, established in 1972, with offices in six countries and 171 employees (December 31, 2020). Clipper Group Ltd. is registered in the Bahamas but with main business address and headquarter in Denmark and subject to full Danish taxation.

Clipper Group A/S' main activity is dedicated freight only services on the Irish Sea via Seatruck Ferries Group (in the following referred to as the "Seatruck business" or just "Seatruck").

The Seatruck Ferries Group owns eight ro-ro vessels of which six are operating on the Irish Sea and two are chartered out.

BUSINESS UPDATE

Seatruck business

The Seatruck business model remains focused on providing high quality freight-only ferry services in the Irish Sea, concentrating on unaccompanied lorry trailer shipments, reducing road mileage for the customers.

For 2020, volumes in the Irish Sea market were overall 1.8% lower than 2019, while Seatruck volumes were 15.6% lower than 2019.

Seatruck successfully implemented a general rate increase from 1 January 2020, which, as expected, together with pre-Brexit stockpiling end-2019 led to lower volumes during the first months of 2020.

The impact from Covid-19 resulted in significantly lower volumes from March to June 2020. During the 2nd half of 2020, volumes improved and were relatively strong especially towards end-2020, in part driven by pre-Brexit stockpiling.

In the first months of 2021, volumes have been negatively impacted by continued Covid-19 lockdown measures and high stock levels. In addition, Brexit has resulted in the implementation of new customs procedures which also initially interrupted the supply-chain of many of our customers. Following very low volumes in January, volumes have gradually recovered in the following months.

RESULTS

Operating Profit for 2020 was a profit of USD 11.7 million (2019: profit of USD 10.1 million). The improved result was driven by higher rates, partly offset by lower volumes. Operating Profit for 2020 was impacted by USD 1.5 million impairment loss related to the charter-out fleet.

The net result for 2020 was a loss of USD 7.1 million (2019: profit of USD 11.1 million). Net result for the year includes currency loss of USD 7.8 million related to EUR loans in Seatruck (2019: gain of USD 8.6 million) and a tax expense relating to the joint taxation scheme for the Danish companies in the Group related to previous years of USD 4.9 million (2019: nil).

FINANCING

As a result of temporary deteriorating cash-flows in the first half of 2020, Clipper Group and Seatruck reached agreement with its banks in June 2020, which allowed for flexibility in the timing of loan payments in 2020. With the earnings in 2020 and outlook for 2021 (see below), Clipper Group and Seatruck have adequate resources available to carry out its plans for 2021 and to meet all liabilities throughout 2021.

OUTLOOK FOR 2021

The market outlook remains uncertain due to the extraordinary nature of the COVID-19 situation and potential impact in trade flows following Brexit on 1st January 2021. Overall, for 2021 Clipper Group A/S expects an improved operating result compared to 2020. Due to the continued COVID-19 situation and the impact from Brexit, Management is not yet in a position to provide a reliable quantification of the expected improvement in the operating result for 2021 compared to 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to several operational and financial risks of which the following are the most significant:

- Market development in freight rates for Irish Sea ro-ro market
- Market development in volumes for ro-ro ferry services on the Irish Sea
- Market development in bunker prices (price of crude oil)
- Foreign exchange risks
- Interest rate risks
- Intellectual capital resources
- IT security

A few of the risks are further explained below:

Bunker risks

Bunker costs are a large part of the Group's costs in the business segments.

Changes in bunker prices are largely covered by a separate Bunker Adjustment Factor (BAF). Overall, this provides the Group with a relatively minor bunker risk.

Foreign exchange risks

Clipper Group A/S' consolidated financial statements are presented in USD. Clipper Group A/S' results and equity are mainly affected by exchange rate developments in DKK, EUR and GBP.

The Group's revenue is primarily denominated in GBP and partly in EUR. The foreign exchange risk is as far as possible mitigated by having expenses in the same currencies. In addition, the Group evaluates the use of derivative hedging on an ongoing basis.

Interest rate risks

Clipper Group A/S is exposed to interest rate fluctuations from the funding activities. The primary exposure is LIBOR fluctuations. The Group evaluates the use of derivative hedging on an ongoing basis.

Intellectual capital resources

Skilled and engaged staff in Seatruck is a key to the success of the Group, which is why we always focus on attracting the best people from the industry and subsequently maintaining a dedicated and targeted effort to further develop and retain our employees. We offer fair and globally aligned working conditions. All employees have semi-annual development reviews with their managers, and we support training opportunities and job development to the extent possible.

IT Security

Electronical communication is an integral part of the Group's business model making the availability and security of our applications and IT infrastructure a critical requirement. The Group ensures IT security and continuity through continuous monitoring of critical IT components, regular security audits and detailed procedures for disaster recovery.

Risk management and internal controls

Clipper Group's Executive Management and Board of Directors continuously seek to ensure that the Group's management structure and control systems remain appropriate and function satisfactorily. Policies and procedures have been developed or are being developed with a view to ensuring active and sound management in the Clipper Group.

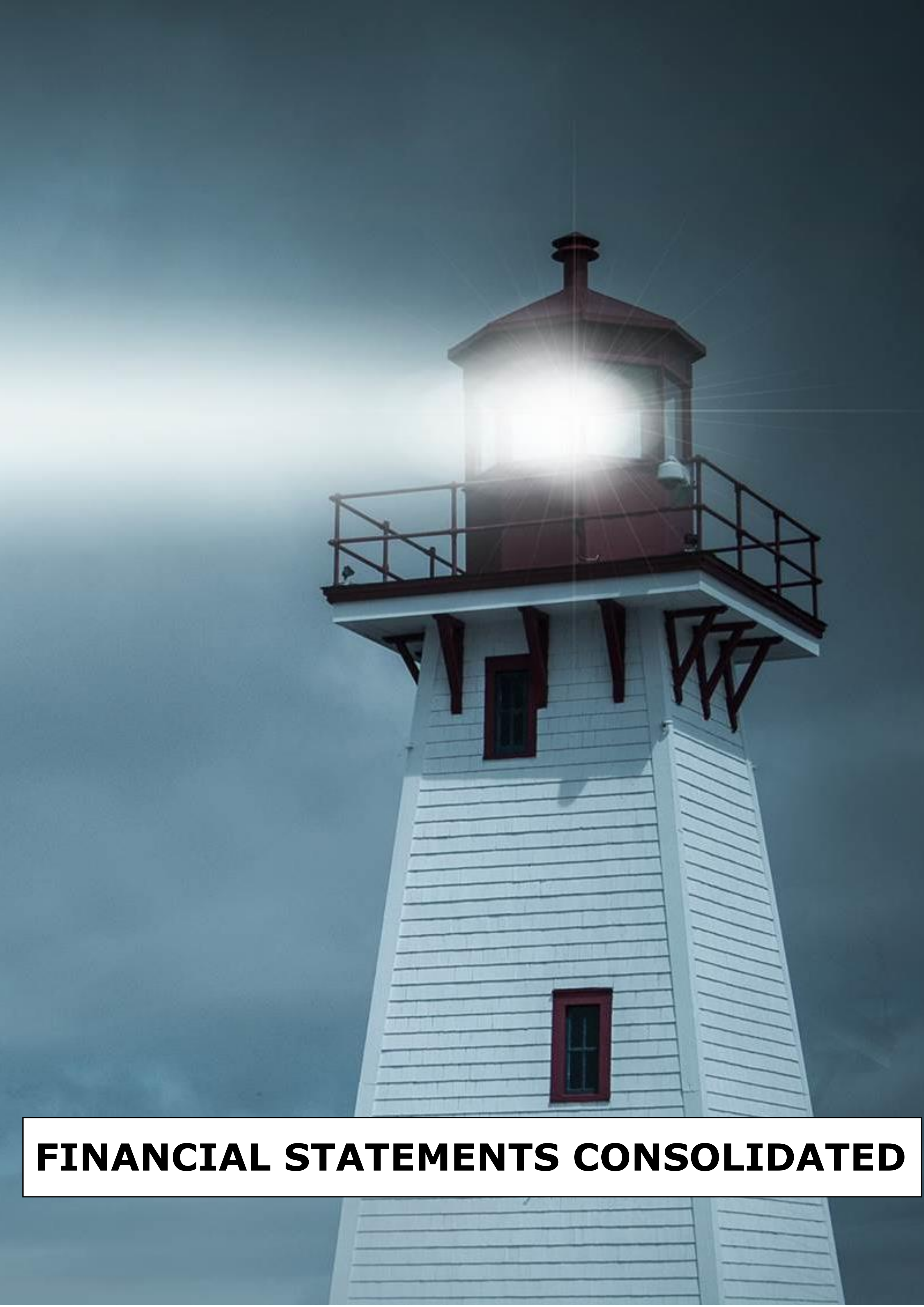
Group Management regularly engages in identifying, analyzing and managing all significant risks in order to optimize the Group. The Board of Directors and the Executive Management consider all risks and the individual risk factors involved in the Group's activities. Guidelines for key risk areas have been drawn up.

Statutory Report Corporate Social Responsibility

Clipper Group Ltd. participates in the **UN Global Compact**, thereby committing to 10 universal principles on human rights, labor, environment and anti-corruption. To us, participating in UNGC does not signify a change of mindset, but rather a continuation of what we have always been doing, within a more structured process and reporting model. We commit ourselves to making the UNGC principles an integral part of our business strategy, day-to-day operations, and organizational culture, and to communicate annually about the progress made.

Clipper Group A/S and subsidiaries are covered by the Clipper Group's CSR report for 2020, where we describe the Group's CSR activities and the progress we have made on the goals set in our CSR Strategy. Our Group CSR report for 2020 serves as our statutory reporting fulfilling the requirements of the Danish Financial Statements Act §99a and §99b.

Clipper Group's CSR report is available on our website;
https://clipper-bulk.com/wp-content/uploads/2021/05/CSR-Report-2020.pdf



FINANCIAL STATEMENTS CONSOLIDATED

Statement of profit and loss for the Group

	Notes	2020 USD'000	2019 USD'000
Net revenue	2	101,979	108,091
Operating expenses		(67,532)	(77,901)
Other external expenses		(4,945)	(5,423)
Operating profit/(loss) before depreciation etc.		**29,502**	**24,767**
Staff costs	3	(5,332)	(4,688)
Net gain / (loss) on sale of vessels, property and equipment		-	3
Depreciation and amortization	4 , 5	(11,015)	(10,013)
Impairment loss	5	(1,486)	-
Operating profit/(loss)		**11,669**	**10,069**
Gain/(loss) from other financial assets	6	(567)	169
Financial income/(expenses), net	7 , 8	(13,274)	1,199
Profit/(loss) before taxes		**(2,172)**	**11,437**
Income taxes	9	(4,951)	(292)
Profit/(loss) for the year	10	**(7,123)**	**11,145**

Statement of financial position for the Group

	Notes	2020 USD'000	2019 USD'000
Assets			
Port rights		91	437
Software		71	350
Intangible assets	4	**162**	**787**
Land and buildings		856	773
Other plant and operating equipment		1,931	1,337
Vessels		210,957	215,193
Tangible assets	5	**213,744**	**217,303**
Other financial assets		20	833
Financial assets	6	**20**	**833**
Fixed assets		**213,926**	**218,923**
Bunkers and stock		**1,457**	**2,166**
Trade accounts receivable		19,397	16,883
Receivables from related parties		126,713	147,514
Prepaid expenses and other assets	11	1,826	1,120
Receivables		**147,936**	**165,517**
Cash		**20,497**	**9,508**
Current assets		**169,890**	**177,191**
Assets		**383,816**	**396,114**

Statement of financial position for the Group, continued

Equity and liabilities	Notes	2020 USD'000	2019 USD'000
Share capital		171,596	171,596
Exchange rate adjustments		(6,013)	(5,471)
Retained earnings		(10,083)	(2,960)
Equity		**155,500**	**163,165**
Bank loans		173,905	166,673
Non-current liabilities	12	**173,905**	**166,673**
Current portion of non-current liabilities	12	16,058	14,468
Trade payables		6,469	6,056
Payables to related parties		21,956	38,821
Other payables		9,928	6,931
Current liabilities		**54,411**	**66,276**
Liabilities		**228,316**	**232,949**
Equity and liabilities		**383,816**	**396,114**

Assets pledged and guarantees	13
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Fees to auditors appointed at the Parent company's annual general meeting and other auditors	15
Transactions with related parties	16
Events after the balance sheet date	17

Statement of changes in equity for the Group

	Share capital	Exchange rate adjustments	Retained earnings	Total
	USD'000	USD'000	USD'000	USD'000
Balance, January 1, 2020	**171,596**	**(5,471)**	**(2,960)**	**163,165**
Profit/(loss) for the year	-	-	(7,123)	(7,123)
Exchange rate adjustments of investments in companies using a functional currency other than USD	-	(542)	-	(542)
Balance, December 31, 2020	**171,596**	**(6,013)**	**(10,083)**	**155,500**

Statement of cash flow for the Group

	Notes	2020 USD'000	2019 USD'000
Operating profit/(loss)		11,669	10,069
Adjustments for:			
Net (gain)/loss on sale of tangible assets		-	(3)
Depreciation and amortization	5	11,015	10,014
Impairment loss	5	1,486	-
Change in trade receivables and other receivables		(2,744)	4,571
Change in trade payables and other payables		3,410	(2,043)
Financial income received	7	606	196
Financial expenses paid	8	(4,737)	(7,685)
Income taxes paid/received		(4,718)	(54)
Cash flows from operating activities		**15,987**	**15,065**
Acquisition of intangible assets	4	-	(288)
Acquisition of vessels	5	(246)	(2,847)
Acquisition of property and operating equipment		(975)	(775)
Sale of property, operating equipment and vessels		-	16
Sale of other financial assets		-	276
Change in financial balances with related parties		4,607	7,359
Cash flows used in investing activities		**3,386**	**3,741**
Repayment of loans		(8,343)	(24,160)
Cash flows from financing activities		**(8,343)**	**(24,160)**
Change in cash and cash equivalents		**11,030**	**(5,354)**
Cash and cash equivalents 1 January		9,508	15,613
Change in cash and cash equivalents for the year		11,030	(5,354)
Effects of exchange rate changes		(41)	(751)
Cash and cash equivalents 31 December		**20,497**	**9,508**

CONSOLIDATED NOTES

NOTES, CONSOLIDATED

1. Capital resources

In 2020, the COVID-19 outbreak led to an unprecedented drop in volumes of all cargoes for the Seatruck Group in March through May 2020. The Group initiated steps to reduce cost in short term to accommodate the temporary decrease in activity. Further, Clipper Group and Seatruck reached agreement with its banks in June 2020, which allowed for flexibility in the timing of loan payments in 2020.

Management has undertaken a detailed assessment of the business in terms of the financial position including future cash flows, liquidity position and borrowing facilities. With the outlook for 2021, Management considers the capital resources available for 2021 is adequate to carry out its plans for 2021 and to meet all liabilities throughout 2021, and Management has concluded that it is appropriate to report the consolidated financial statements for 2020 according to the going-concern principle.

2. Revenue

Pursuant to the Danish Financial Statements Act, revenue is not broken down by business segments and geographical segments for competitive reasons; see Danish Financial Statements Act §96.

3. Staff costs

	2020	**2019**
	USD'000	USD'000
Staff costs are composed as follows:		
Wages and salaries	4,499	4,053
Pension	319	182
Other social security costs	512	453
	5,330	**4,688**
Average number of employees	94	90

Executive management and Board of Directors do not receive any remuneration from any entities within the Group.

4. Intangible assets

	Port rights	Software
	USD'000	USD'000
Cost at January 1, 2020	4,724	1,943
Additions for the year	-	-
Exchange rate adjustments for the year	168	69
Cost at December 31, 2020	**4,892**	**2,012**
Amortization and impairment losses at January 1, 2020	4,287	1,593
Amortization for the year	342	273
Exchange rate adjustments for the year	172	75
Amortization and impairment losses at December 31, 2020	**4,801**	**1,941**
Carrying amount at December 31, 2020	**91**	**71**

5. Tangible assets

	Land and Buildings	Other plant and operating equipment	Vessels
	USD'000	USD'000	USD'000
Cost at January 1, 2020	941	5,907	305,548
Additions for the year	177	798	246
Exchange rate adjustments for the year	34	211	10,201
Cost at December 31, 2020	**1,152**	**6,916**	**315,995**
Depreciation and impairment losses at January 1, 2020	168	4,570	90,355
Depreciation for the year	115	241	10,044
Impairment loss	-	-	1,486
Exchange rate adjustments for the year	13	174	3,153
Depreciation and impairment losses at December 31, 2020	**296**	**4,985**	**105,038**
Carrying amount at December 31, 2020	**856**	**1,931**	**210,957**
Carrying amount of assets provided as security	856	1,931	210,957

The Group has assessed estimated net selling prices and value in use of vessels. The review of estimated net selling prices was made with reference to prices provided by internationally acknowledged shipbrokers and value in use derived from discounted cash flow calculations, determined on the basis of an assumption of earnings from continued operation of the vessels. These assessments have resulted in an impairment loss of USD 1.5 million at December 31, 2020. (2019: USD nil).

6. Financial assets

	Other financial assets
	USD'000
Cost at January 1	28,901
Additions for the year	-
Disposals for the year	(5,184)
Cost at December 31	**23,717**
Valueadjustmen, net at January 1	(28,068)
Fair value adjustments	(567)
Disposal for the year	4,938
Amortization and impairment losses at December 31	**(23,697)**
Carrying amount at December 31	**20**
Carrying amount of assets provided as security	-

7. Financial income

	2020	2019
	USD'000	USD'000
Interest on bank deposits	-	27
Currency translation gain, net	-	8,625
Other financial income	782	-
	782	**8,652**

8. Financial expenses

	2020	2019
	USD'000	USD'000
Interest on bank loans	7,676	7,429
Loss from other financial assets	167	-
Currency translation loss, net	6,157	-
Other financial expenses	56	24
	14,056	**7,453**

9. Income taxes

	2020	2019
Current tax	233	206
Current tax from jointly taxed companies for use of tax loss	-	79
Adjustments to current tax for previous years	4,718	7
Tax expense for the year	**4,951**	**292**

Explanation of the Group's effective tax rate relative to the Danish corporate income tax rate

	2020 USD'000	**2020** %
Loss before tax	**(2,172)**	
Tax on profit for the year	(478)	(22.0)
Tax effect of:		
Differences in the income tax rate of foreign subsidiaries from the Danish corporate income tax rate	94	4.3
Non-deductible expenses/non-taxable income and other permanent differences	886	40.8
Tax effect of interest limitation	(295)	(13.6)
Change in valuation allowance for deferred tax asset	2,738	126.1
Prior year adjustment, current tax	4,718	217.2
Prior year adjustment, deferred tax	(2,712)	(124.8)
Effective tax/tax rate for the year	**4,951**	**227.9**

	2019 USD'000	**2019** %
Profit before tax	**11,437**	
Tax on profit for the year	2,516	22.0
Tax effect of:		
Differences in the income tax rate of foreign subsidiaries from the Danish corporate income tax rate	185	1.6
Non-deductible expenses/non-taxable income and other permanent differences	1,174	10.3
Tax effect of interest limitation	(593)	(5.2)
Change in valuation allowance for deferred tax asset	(2,990)	(26.1)
Effective tax/tax rate for the year	**292**	**2.6**

9. Income taxes, continued

Deferred tax	2020	2019
Fixed assets	12	(14)
Tax losses carried forward	8,745	6,033
Valuation allowance	(8,757)	(6,019)
Other	-	-
	-	**-**

Valuation allowance	2020	2019
Unrecognized deferred tax assets at 1 January	6,019	9,009
Additions	2,738	-
Utilized	-	(2,990)
	8,757	**6,019**

Clipper Group A/S and its Danish taxable subsidiaries are jointly taxed with Clipper Group Ltd. as management company in a Danish joint taxation group.

The shipping activities in Clipper Group A/S are subject to tonnage tax regime in the countries where the activities are considered resident for tax purposes. For companies which fulfill the Danish tonnage tax conditions the Danish tonnage tax regime is binding until December 31, 2021.

Clipper Group A/S with all its subsidiaries has a tax loss of USD 39.4 million (2019: USD 27.4 million) of which USD 39.4 million (2019: USD 27.4 million) has not been recognized as deferred tax asset as Management has evaluated that the tax losses will not be utilized within foreseeable future, among other things since future earnings will primarily derive from the Seatruck Ferries Group, which are subject to a UK tonnage taxation scheme.

10. Proposed distribution of profit

	2020	2019
	USD'000	USD'000
Retained earnings	(7,123)	11,145
	(7,123)	**11,145**

11. Prepaid expenses and other receivables

	2020	2019
	USD'000	USD'000
VAT receivable	11	-
Insurance	302	265
Other	1,513	855
	1,826	**1,120**

12. Non-current liabilities

	2020	2019
	USD'000	USD'000
Instalments due within 1 year	16,057	14,468
Instalments due within 1-5 years	173,906	166,673
Instalments due after 5 years	-	-
	189,963	**181,141**

13. Assets pledged and guarantees

Vessels have been provided as security for the bank loans. At December 31, 2020, the carrying amount of vessels provided as security for bank loans totalled USD 210,957 thousand (2019: USD 215,193 thousand). In addition, other financial assets, other tangible assets and receivables from related parties of a total of USD 129,500 thousand have been provided as security for bank loans (2019: USD 149,671 thousand). At December 31, 2020 the Group has restricted cash of USD 4,865 thousand (2019: USD 5,197 thousand).

14. Contractual obligations

At December 31, 2020, the Group has rental commitments totalling USD 6,022 thousand (2019: USD 9,328 thousand).

Clipper Group A/S and a number of subsidiaries are subject to a joint taxation arrangement in which Clipper Group Ltd. serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the jointly taxed companies are, therefore liable for income taxes under the joint taxation arrangement.

As part of the sales agreement for Danske Færger A/S in 2018, the Group took over 50 percent of the risk relating to some specific legal cases. Accruals for the related risks were included in the calculation of loss from the sale in 2018 and are included in other payables.

15. Fees to auditors appointed at the annual general meeting and other auditors

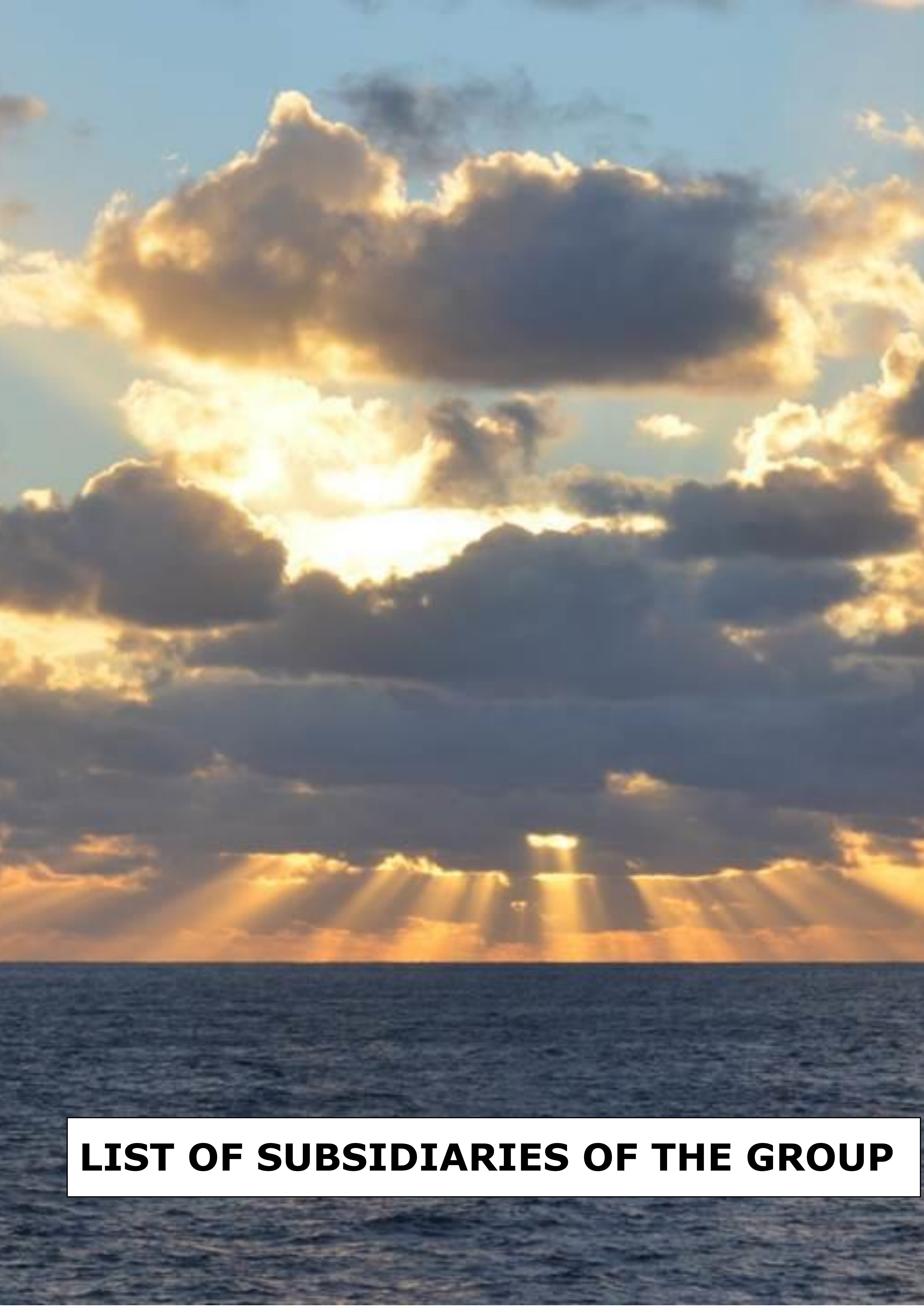
	2020	**2019**
	USD'000	USD'000
Statutory audit services, Deloitte	140	98
Statutory audit services, other auditors	34	19
Tax services, Deloitte	44	-
Tax services, other auditors	23	50
Other non-audit services, Deloitte	4	23
Other non-audit services, other auditors	2	-
	247	**190**

16. Transactions with related parties

The Group is wholly owned by Clipper Group Ltd., Bahamas. All transactions with related parties take place at arm's length terms.

17. Events after the balance sheet date

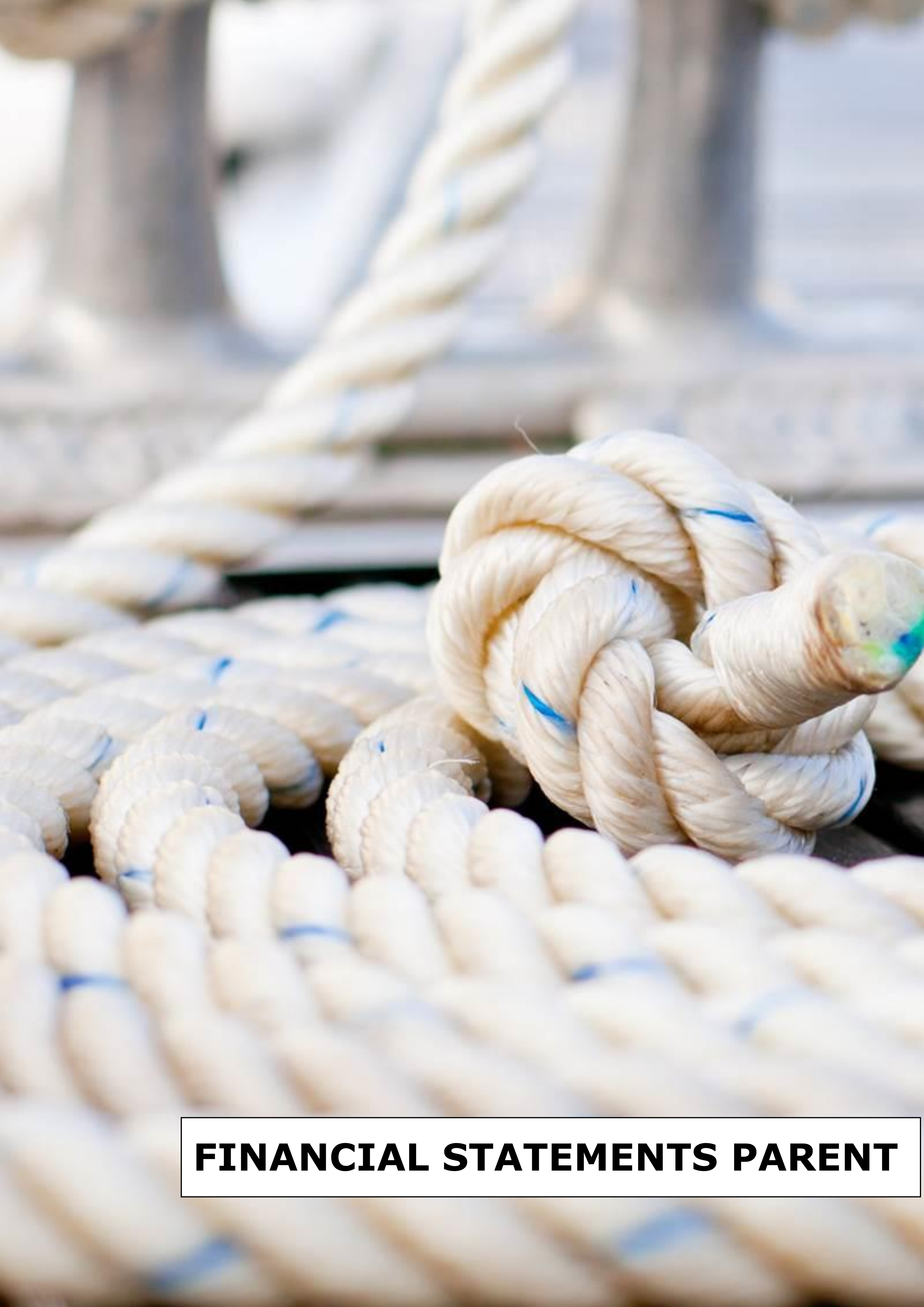
In the first months of 2021, volumes have been negatively impacted by continued Covid-19 lockdown measures and high stock levels. In addition, Brexit has resulted in the implementation of new customs procedures, which also initially interrupted the supply-chain of many of our customers. Following very low volumes in January, volumes have gradually recovered in the following months.



LIST OF SUBSIDIARIES OF THE GROUP

Companies included in the consolidation:

Name and registered office	Ownership interest
Parent	
Clipper Group A/S, Denmark	
Seatruck segment	
Seatruck Ferries Holding Ltd., United Kingdom	100%
Seatruck Ferries Ltd., United Kingdom	100%
Seatruck Ferries (Ireland) Limited, Ireland	100%
Seatruck Panorama Ltd., United Kingdom	100%
Seatruck Pennant Ltd., United Kingdom	100%
Seatruck Shipholding I Ltd., United Kingdom	100%
Seatruck Shipholding II Ltd., United Kingdom	100%
Seatruck Shipholding III Ltd., United Kingdom	100%
Seatruck Shipholding IV Ltd., United Kingdom	100%
Seatruck Shipholding V Ltd., United Kingdom	100%
Other segment	
Clipper Group (Singapore) Pte. Ltd., Singapore	100%
Clipper Tankers (UK) Ltd., United Kingdom	100%
Yellow Tankers II Limited (Clipper Wonsild Tankers (UK) Ltd.), United Kingdom	100%
Yellow Tankers III Limited (Clipper Marine Services Ltd.), United Kingdom	100%
Clipper Fourth ApS, Denmark	85%
Fourth Invest ApS, Denmark	60%
Clipper Projects A/S, Denmark	100%
Clipper Lines A/S, Denmark	100%



FINANCIAL STATEMENTS PARENT

Statement of profit and loss for the Parent

	Notes	2020 USD'000	2019 USD'000
Other external expenses		(463)	(168)
Operating profit/(loss)		**(463)**	**(168)**
Profit/(loss) from investments in subsidiaries	2	(4,603)	10,309
Gain or loss on securities		(221)	169
Financial income/(expenses), net	3 , 4	2,332	1,071
Profit/(loss) before taxes		**(2,955)**	**11,381**
Income taxes	5	(4,168)	(236)
Profit/(loss) for the year	6	**(7,123)**	**11,145**

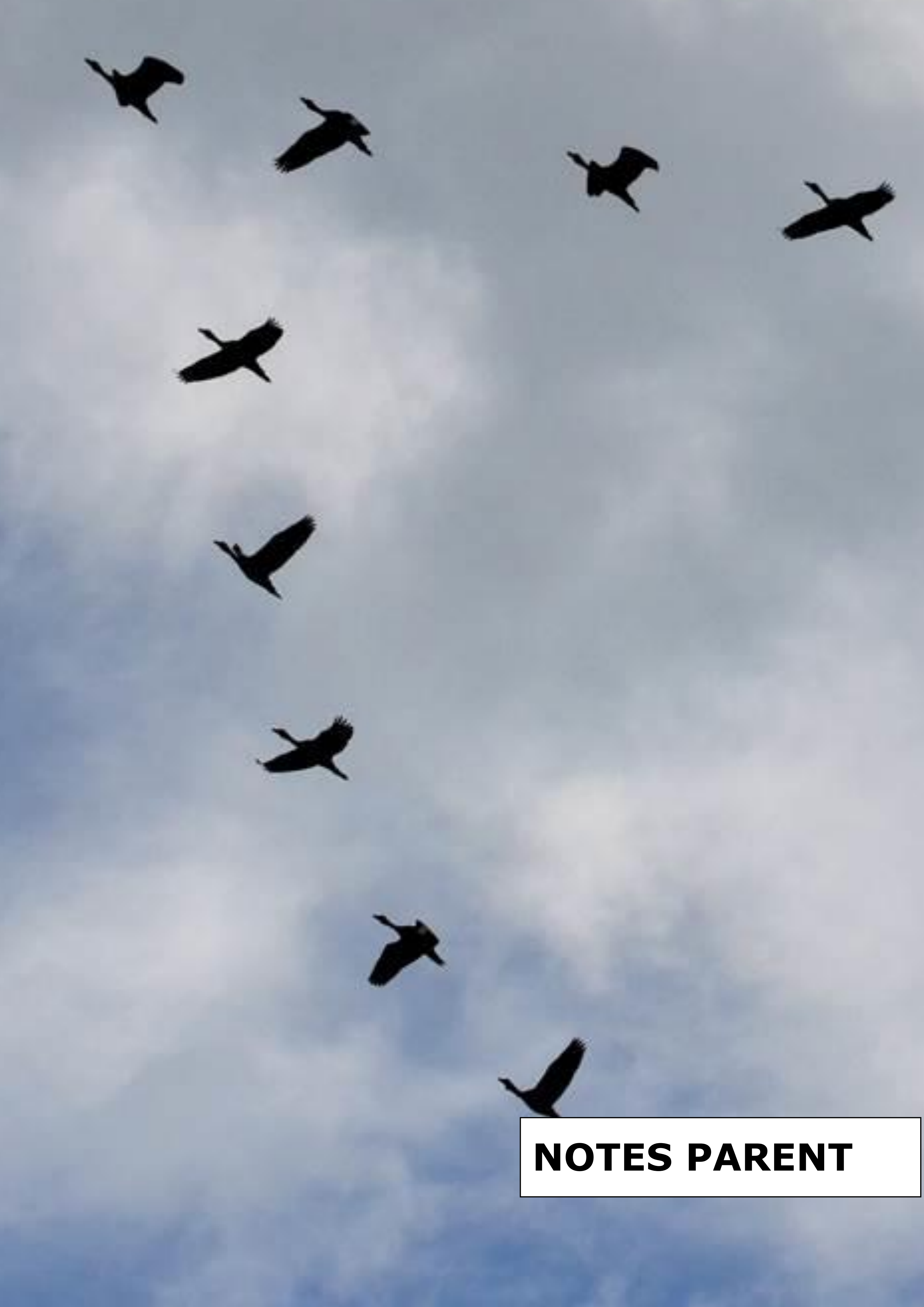
Statement of financial position for the Parent

	Notes	2020 USD'000	2019 USD'000
Assets			
Investments in subsidiaries		15,055	18,348
Other financial assets		20	833
Financial assets	2	**15,075**	**19,181**
Receivables from related parties		151,013	158,790
Accounts receivable, others		519	24
Receivables		**151,532**	**158,814**
Cash		**8,009**	**8,344**
Current assets		**159,541**	**167,158**
Assets		**174,616**	**186,339**
Equity and liabilities			
Share capital	7	171,596	171,596
Retained earnings		(16,096)	(8,431)
		155,500	**163,165**
Provisions regarding subsidiaries		13,619	13,893
Provisions	2	**13,619**	**13,893**
Trade payables		687	17
Payables to related parties		805	5,728
Other payables		4,005	3,536
Current liabilities		**5,497**	**9,281**
Liabilities		**19,116**	**23,174**
Equity and liabilities		**174,616**	**186,339**

Assets pledged and guarantees	8
Contractual obligations	9
Ownership	10
Consolidation	11
Transactions with related parties	12

Statement of changes in equity for the Parent

	Share capital	Retained earnings	Total
	USD'000	USD'000	USD'000
Balance, January 1, 2020	**171,596**	**(8,431)**	**163,165**
Profit/(loss) for the year	-	(7,123)	(7,123)
Exchange rate adjustments of investments in companies using a functional currency other than USD	-	(542)	(542)
Balance, December 31, 2020	**171,596**	**(16,096)**	**155,500**



NOTES PARENT

NOTES, PARENT

1. Staff costs

The companies had not had any employees in 2020 and 2019.

Executive and Board of Directors do not receive any remuneration from Clipper Group A/S.

2. Financial assets

	Investments in subsidiaries	Other financial assets
	USD'000	USD'000
Cost at January 1, 2020	369,182	28,901
Additions for the year	-	-
Disposals for the year	-	(5,184)
Cost at December 31, 2020	**369,182**	**23,717**
Value adjustments, net at January 1, 2020	(350,834)	(28,068)
Net shares of profit/(loss) after tax	(4,603)	0
Fair value adjustments	-	(567)
Disposal for the year	-	4,938
Exchange rate adjustments	(1)	-
Investments in subsidiaries with negativ book value transfered to provisions	(274)	-
Investments in subsidiaries with negativ book value netted in receivables	2,127	-
Value adjustments, net at December 31, 2020	**(353,585)**	**(23,697)**
Carrying amount at December 31, 2020	**15,597**	**20**
Carrying amount of assets provided as security	15,597	20

Investments in subsidiaries can be specified as follows:

Name	**Registered in**	**Ownership**
Clipper Projects A/S	Denmark	100%
Clipper Bulk (Singapore) Pte. Ltd.	Singapore	100%
Fourth Invest ApS	Denmark	60%
Clipper Fourth ApS	Denmark	85%
Seatruck Ferries Holding Ltd.	United Kingdom	100%
Clipper Tankers (UK) Ltd.	United Kingdom	100%

3. Financial income

	2020	2019
	USD'000	USD'000
Interest income from subsidiaries	454	683
Currency translation gain, net	1,680	475
Other financial income	827	-
	2,961	**1,158**

4. Financial expenses

	2020	2019
	USD'000	USD'000
Interest on bank loans	55	81
Other financial expenses	574	6
	629	**87**

5. Tax

	2020	2019
Current tax	233	236
Adjustments to current tax for previous years	3,935	-
Income tax expense for the year	**4,168**	**236**

Clipper Group A/S and its Danish taxable subsidiaries are jointly taxed with the principal shareholder Clipper Group Ltd. and its Danish taxable subsidiaries.

Clipper Group A/S has a tax loss of USD 37,526 thousand (tax value USD 8,256 thousand) which has not been recognized as deferred tax asset as Management has evaluated that it is not likely that the tax losses will be utilized within the foreseeable future (2019: USD 23,945 thousand (tax value USD 5,268 thousand)).

6. Proposed distribution of profit

	2020	2019
	USD'000	USD'000
Retained earnings	(7,123)	11,145
	(7,123)	**11,145**

7. Share capital

	2020	2019
The share capital is composed as follows:		
Share capital (DKK’000)	983,000	983,000
Share capital (USD’000), translated at historical rates	171,596	171,596

The shares have not been divided into classes.

8. Assets pledged and guarantees

Investments in subsidiaries, other financial assets and receivables from related parties with a total carrying value of USD 166,088 thousand have been provided as security for bank loans (2019: USD 177,185 thousand). At December 31, 2020 the Company has restricted cash of USD 4,865 thousand (2019: USD 5,197 thousand).

9. Contractual obligations

The Company has in 2020 entered into an interminable lease contract effective until March 1, 2029. The lease commitments total USD 4,357 thousand (2019: USD 6,952 thousand).

The Company participates in a Danish joint taxation arrangement in which Clipper Group Ltd. serves as the management company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes under the joint taxation arrangement.

As part of the sales agreement for Danske Færger A/S in 2018, the Group took over 50 percent of the risk relating to some specific legal cases. Accruals for the related risks were included in the calculation of loss from the sale in 2018 and are included in other payables.

10. Ownership

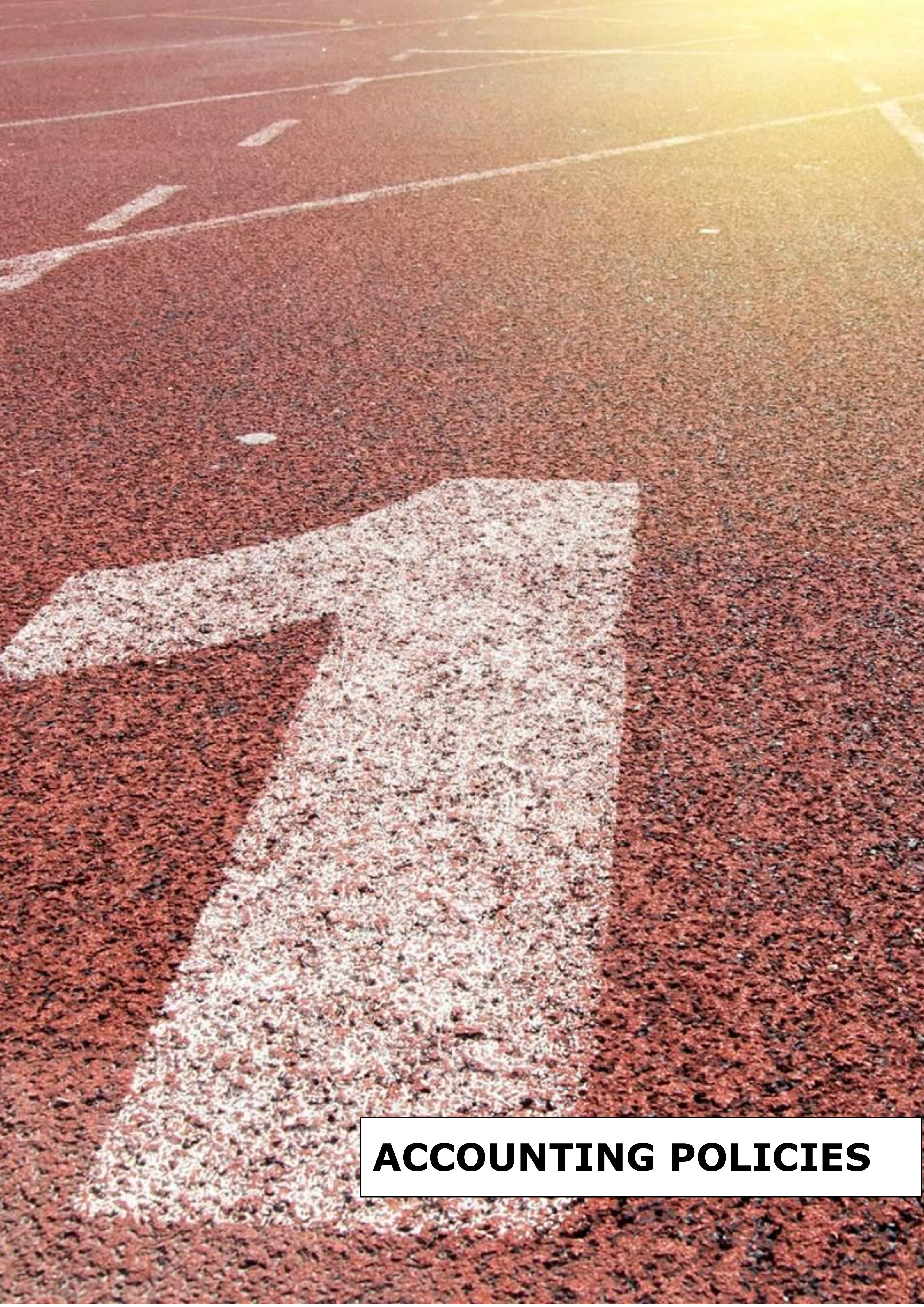
The Company is wholly owned by Clipper Group Ltd., Bahamas.

11. Consolidation

Clipper Group Ltd., 29 Charlotte Island, Old Fort Bay, P.O. Box CB-13048, Nassau, the Bahamas, does not publish its financial statements.

12. Transactions with related parties

We refer to note 16 in the consolidated financial statement.



ACCOUNTING POLICIES

ACCOUNTING POLICIES

Statement of compliance

The annual report of the Parent has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large), whereas the consolidated financial statements have been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for both the parent and consolidated financial statements are consistent with those applied last year.

Basis of preparation

The Group and Parent presents the financial statements for the Group and Company in USD. The DKK exchange rate against USD applied is 6.0576 at December 31, 2020 (2019: 6.6759).

Recognition and measurement

Assets are recognized in the statement of financial position when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

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

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

Income is recognized in the statement of profit and loss when earned, whereas costs are recognized by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognized in the statement of profit and loss as financial income or financial expenses.

Basis of consolidation

The consolidated financial statements comprise Clipper Group A/S (Parent) and the enterprises (subsidiaries) that are directly or indirectly controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, exercises significant but not controlling influence are regarded as associates. Enterprises in which the Group holds 50% of the voting rights and participates in joint management are consolidated on a pro rata basis.

The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts, dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognized in full in the consolidated financial statements. Minority interests' pro rata shares of profit/loss and net assets are disclosed as separate items in the statement of profit and loss and the statement of financial position.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the end of the reporting period are translated using the exchange rate at the end of the reporting period. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date or the rate at the end of the reporting period are recognized in the statement of profit and loss as financial income or financial expenses. Fixed assets purchased in foreign currencies are translated using the exchange rate at the transaction date.

For the purpose of presenting the consolidated financial statements, the financial statements of subsidiaries with other functional currencies than USD are translated to USD as follows: The statements of profit and loss are translated using average exchange rates, and statement of financial position items are translated using the exchange rates at the end of the reporting period. Exchange differences arising out of the translation of foreign entities' equity at the beginning of the year at exchange rates applicable at the end of the reporting period, as well as out of the translation of statements of profit and loss from average rates applicable to the exchange rates at the end of the reporting period are recognized directly in equity.

Assessment of vessels' carrying amounts and onerous contracts

The Group reviews the fleet of vessels on a portfolio basis. This review is made when events or changes in circumstances occur which could indicate that the carrying amount of vessels exceeds the vessels' recoverable amount. In such cases an impairment loss of vessels is recognized based on the difference between the carrying amounts and the higher value of value in use and net selling price for the vessels.

Statement of profit and loss

Revenue recognition

Revenue represents the value of services provided during the year excluding value added tax and is net of trade discounts and rebates. Revenue is recognized upon the completion of the sailing of vessels for ro-ro operations which is when the service is deemed to have taken place. Revenue is recognized on a daily basis for external charters.

Operating expenses

Operating expenses include costs relating to the operation of the Group's own and chartered vessels, including time and bareboat charter costs, port charges, bunker costs, maintenance costs, insurance costs, crew wages and other vessel-operating expenses.

Other external expenses

Other external expenses comprise expenses for marketing, administration, premises, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security costs, pension contributions, etc. for the Group's staff.

Financial income and expenses

Financial income and financial expenses comprise interest, unrealized and realized market value adjustments of securities as well as realized and unrealized exchange rate adjustments.

Taxation

Income tax expense/income represents the sum of the tax currently payable/receivable and changes in deferred tax.

Current tax

Income tax is recognized in the statement of profit and loss by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity. Current tax for the year comprises tonnage tax for shipping activities.

The current tax payable or receivable is recognized in the statement of financial position, based on tax calculated on this year's taxable income, adjusted for prepaid tax.

Clipper Group A/S and subsidiaries that are subject to Danish taxation are included under a Danish joint taxation scheme. The current income tax is allocated among the jointly taxed enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

Deferred tax
Deferred tax is recognized and measured in accordance with the balance sheet liability method of all temporary differences between the carrying amount and tax-based value of assets and liabilities. The tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the end of the reporting period when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognized in the statement of profit and loss.

Deferred tax assets are recognized in the statement of financial position at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets. The amount of net tax loss carryforwards is recognized in the administration company.

Statement of financial position

Port rights
Port rights are measured at cost less accumulated amortization and impairment losses. The amortization period is between 10 to 20 years.

Software
Software is measured at cost less amortization and impairment losses. Amortization is initiated when the asset is put into operation, after which straight-line amortization is made over a seven-year period.

Property, plant and equipment
Buildings, vessels, tools and equipment are measured at cost less accumulated depreciation and any impairment losses. Cost comprises the acquisition price and costs directly attributable to the acquisition up until the time when the asset is ready for use. Dry-docking costs are capitalized as part of vessel costs.

The basis of depreciation is calculated as the excess of cost over the estimated scrap value. The scrap value of vessels is determined based on the market price per lightweight ton for scrapping of the vessel. The useful life and the residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group’s business plans. Residual value of dry-docking is nil.

The basis of depreciation is allocated on a straight-line basis over the estimated useful lives of the assets as follows:

RoRo vessels	30 years
Dry-docking costs	36 months
Other plant and operating equipment	3-10 years
Buildings	20-50 years
Software	7 years

The depreciation period for secondhand vessels is determined on the basis of the condition and age of the vessels at the time of acquisition.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the vessels.

Prepayments on newbuildings are measured at costs incurred and recognized in assets as vessels under construction as payments are made.

Gains and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in subsidiaries
Investments in subsidiaries are recognized and measured in the Parent's financial statements using the equity method.

The Parent's share of the subsidiaries' profit/loss after tax and after elimination of unrealized intra-group profits and losses for the year is recognized in the items "Profit/loss from investments in subsidiaries".

Receivables
Receivables are measured at amortized cost, usually equaling nominal value, less writedowns for bad and doubtful debts.

Prepaid expenses and other receivables
Prepayments comprise incurred costs relating to subsequent financial years.

Other financial assets
Other financial assets are presented in fixed asset investments and consist of assets that are measured at market value and which may be considered long-term investments in accordance with the Company's investment policy. Value adjustments to acquisition cost are included under income from other financial assets in the statement of profit and loss.

Other securities

Other securities are presented in current assets and are measured at market prices at the end of the reporting period. Value adjustments to acquisition cost are included under financial income or financial expenses in the statement of profit and loss. Other securities consist of listed bonds and shares.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of an event occurring at the end of the reporting period at the latest, and it is probable that future economic benefits will flow out of the Group to meet this obligation, although uncertainty exists as to the size of amount and time of payment.

Provisions for losses on contracts are calculated on the basis of forecasted results for the individual contracts for the remaining contract period, discounted at present value using the marginal borrowing rate.

Non-current liabilities

Non-current liabilities are recognized at the time the loans are obtained in the amount of the proceeds after deduction of transaction costs. In subsequent periods, such loans are recognized at amortized cost, equivalent to the capitalized value applying the effective rate of interest at the inception of the loan, to the effect that the difference between the proceeds and the nominal value is recognized as an interest expense in the statement of profit and loss over the term of the loan. Fees and other changes paid to set up a credit facility are recognized as transaction costs to the extent that it is probable that the facility will be utilized. To the extent that it is not probable that the facility will be partially or fully utilized, fees and other charges are recognized as a prepayment for making the facility available and amortized over the term of the credit facility.

Other liabilities, comprising trade payables and other payables, are measured at amortized cost, corresponding substantially to nominal value.

Cash flow statement

The consolidated cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from the acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of divestment.

Cash flows from operating activities are calculated as operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and activities as well as acquisition and sale of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

No separate cash flow statement has been prepared for the Parent as it is included in the cash flow statement of the Group.

VALUES

DYNAMIC
We have the drive and enthusiasm to take action and make a difference.

DEPENDABLE
We strive to ensure professional and consistent execution of our commitments.

INNOVATIVE
We embrace change and challenge ourselves to be proactive and develop optimal solutions.

HANDS-ON
We make it our priority to know and care for people and our business.

VISION
To be one of the leading shipping companies in the world.

MISSION
To facilitate world trade and global development while generating long term value for our shareholders

Clipper Group A/S
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2100 Copenhagen Denmark

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