

**MERIAURA OY**

Linnankatu 88, 20100 Turku, Finland

Domicile: Turku

Business ID: 0669579-8

Meriaura Oy  
ANNUAL REPORT  
AND  
FINANCIAL STATEMENT  
2020

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**Financial Statement for financial period 1 January 2020-31 December 2020**

## Annual Report

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Auditor's Note

## Auditor's Report

The balance sheet book must be retained for ten (10) years from the end of the financial period (see Chapter 2, Section 10 of the Accounting Act). The receipts acquired during the financial period must be retained for six (6) years from the year the financial period ended.

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## Meriaura Oy

### ANNUAL REPORT FOR FINANCIAL PERIOD 1 JANUARY 2020-31 DECEMBER 2020

#### **Important factors and major events related to the development of operations during and after the financial period**

Meriaura Oy's turnover for the 2020 financial period was €51.0 million (€56.7 million in 2019). The turnover decreased about 10% from the previous financial period. The turnover for the bulk business was €33.9 million (€39.9 million in 2019), and for project operations it was €14.3 million (€15.7 million in 2019). The proportion of the bulk business in the turnover was 66% (70% in 2019), and in project operations it was 28% (28% in 2019). The turnover in the bulk business decreased €6 million from the previous year, and project operations decreased €1.4 million. The profitability of the bulk business clearly improved from the previous year, while the profitability of project operations declined slightly.

#### ***Dry cargo vessels***

The turnover for the dry cargo business decreased from the previous year, remaining at €33.9 million, which is about 66% of the company's turnover. The bunker price, which was significantly lower than the previous year, smaller overall capacity, the record low freight market during the spring and summer, and the fact that part of the tonnage was chartered to external operators were the contributing factors in the decline of the turnover. However, the available capacity utilization rate clearly improved from the previous year, and the dry cargo vessel operations remained roughly the same as the previous year.

The company used a total of 15 vessels for bulk transportation during the financial period. Thirteen of the vessels were in use throughout the entire financial period. Two of the company's vessels were time-chartered to external operators for the entire financial period. They were the company's largest vessels with a capacity of more than 8,000 tonnes. The vessels in the company's own operations can be divided into two segments: those with a capacity of 2,600–3,000 tonnes and those with a capacity of 3,800–4,850 tonnes. The company operated a total of five vessels belonging to a smaller size category, four of which operated the entire year. Further, the company operated a total of 10 vessels belonging to a larger size category, nine of which operated the entire year. The tonnage was fairly stable during the year and met the company's needs well, with the exception of a quieter period during the summer.

The tonnage for the bulk business comprises the parent company's time-chartered vessels and vessels leased from external partners. Three of the dry cargo vessels the company operates, M/S Mirva VG, M/S Eeva VG and M/S Aava VG, were owned by the parent company during the entire financial year. The parent company sold one vessel, M/S Lotta VG, during the financial year to a partner with whom the company concluded a long-term charter agreement. One vessel that was chartered from an external owner changed owners during the financial year, and a charter agreement lasting several years was concluded with the new owner, also.

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When acquiring tonnage, consideration is given not only to the suitability of the vessels for the company's operations but also to their energy efficiency and ice class properties. Two vessels in the Group's tonnage can be operated on the biofuel developed by a group of companies. The EcoVoy contract, which was introduced in 2019, has peaked wide interest in the clientele due to the possibility of nearly carbon-free maritime transportation that the contract offers. A development project is underway in the Group that aims to increase the use of biofuel in the future.

The forward contracts with owners outside the Group for chartered vessels have been decentralized to be able to adjust the tonnage more flexibly to possible changes in contract volumes and the markets. It is important to ensure the availability of vessels that are suitable for the company's operations with regard to their features and technical condition. The company aims for long-term partnerships with its partner shipping companies, which further improves good customer service and operational efficiency.

The leasing contracts for three of the vessels, which were to expire at the end of the financial year, were extended. The leases for two vessels in a smaller size category were terminated. The decline in the freight market that began in the second quarter put pressure on the asking prices of time-chartered vessels. Towards the end of the year, the prices began to increase once again due to the heightened demand. The price for leasing tonnage is usually fixed for the entire leasing period, and fluctuations during the period are not considered.

The framework for the bulk business contract portfolio includes a long-term and established client, the municipality. The duration of chartering contracts varies from a few months to several years. During the 2020 financial year, the company was able to renew all its more significant contracts and conclude new ones. The proportion of charters clearly accounted for more than half of the turnover in the bulk business; on-the-spot chartering accounted for the rest.

The turnover in the bulk business was clearly lower in the second and third quarters than it was in the first and last quarters. This was because of the extremely low level of freight volumes in the spring and summer and an exceptionally low bunker price. Compared to the previous year, the volumes of the most significant contract clients were either on the same level or slightly higher. Most of the cargo flow comprised fertilizers, minerals, wood-based biofuel, feed materials, grains, and recycled materials. The volumes of fertilizers, feed raw materials and raw ore were rather stable. The amount of project cargo transported with dry cargo vessels increased slightly from the previous financial period.

There was a lot of fluctuation in the operating environment for the bulk business during the year. The demand early in the year was relatively balanced, and owing to the exceptionally mild winter, only the most northern areas had ice restrictions in force, which had a positive impact on operative efficiency. As a consequence of the escalation of Covid-19, the cargo market plunged at the beginning of the second quarter. Precautions, restrictions and the vagueness of the situation gave rise to uncertainty and insecurity, which impeded operations in all areas. As a consequence of the pandemic, the demand for oil products decreased, leading to a plunge in bunker prices. The company was able to keep the fleet running

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reasonably well, despite the extremely weak market in the spring and summer, albeit the chartering margin was at an unsatisfactory level until the end of the summer. Demand began to gradually increase at the beginning of September, and this trend continued as the year progressed towards the end. The result for the financial period clearly increased from the previous year, and all things considered, the operational result can be considered reasonable, although the company did not quite reach its objective. The cut in capacity at the end of the previous financial period was a success in terms of timing, and the utilization rate of the tonnage in use improved favourably during the year.

Compared to the previous year, improved results were achieved in all vessel segments. The Group worked systematically to improve operative efficiency, and the results for this year began to show during 2020. In addition, the company succeeded in rearranging its fleet, which supported better profitability. The earnings of the larger vessels chartered to external operators followed the set goal and were better than the previous financial year. The result improved in the small vessel segment, but it was still not at a satisfactory level. The middle-sized vessels fared the best; the result improved significantly compared to the previous year.

### *Specialized cargo vessels and project cargo business*

The proportion of specialized vessels in the turnover was 28% in 2020. The turnover in the project cargo business was €14.3 million. The company used four specialized cargo vessels for the project cargo business, three of which were in use for the entire financial period. The open deck carriers, M/S Meri and M/S Aura, owned by the parent company, operated mainly in the Baltic Sea and North Sea during the entire financial period, as in previous periods. Likewise, M/S Polaris VG, also owned by the parent company, continued as a time-chartered vessel, operating regularly between Finland and Germany throughout the entire financial period. During the first two quarters, the company also operated an open deck carrier chartered from an external owner. All of the vessels owned by the company were docked in 2020, meaning that operations were interrupted, and earnings declined compared to years when the vessels sail all year round.

More than half of the turnover of the specialized cargo vessels accrued from long-term contracts; on-the-spot chartering accounted for the rest. A considerable number of clients operating under the on-the-spot principle are also long-standing partners whose operations can be seen as parallel to contract clients. However, due to their varied transportation needs and weak predictability, transportation commissions are agreed one project at a time. As in the previous year, the open deck carriers did not operate at all as time-charters during the financial period. Rather, they operated under the company for the entire financial period.

The cargo on the specialized cargo vessels consists of highly refined products. Transporting them is extremely demanding and requires solid expertise from both the land organization and the vessels' crew. The company has over the years acquired considerable experience in transporting special cargo, and it has gained the status of a reliable and competent partner among its clients. Specialized vessel equipment and the related expertise allow the building of long-term partnerships, providing a framework for transportation year after year. Clients

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can be divided mainly into three groups: offshore/wind power, ship building and port equipment.

Orders for the project cargo business at the beginning of the financial period were abundant, and the open deck carriers were in constant operation during the first three quarters. A characteristic of project cargo is that the sales can take place several months, even years, before the cargo is transported. For this reason, the decrease in demand during the Covid-19 pandemic was not evident until the last quarter of the year, which was the weakest quarter. For the same reason, the result of the project business declined slightly from the previous year. It did, however, remain profitable.

Despite the uncertainty caused by the pandemic, there is potential for growth in the project business. The supply of the company's agile and multiuse open deck carriers is limited, and they form their own market segment. One disadvantage of a limited supply of vessels is that flexibly adjusting the capacity to that of the chartered vessels is difficult. A solution for this was explored during the financial period, but it proved unsuccessful due to operational and economic reasons. The difficulties in the cruise ship business caused by the pandemic will possibly impact the ship building industry in the longer term. Owing to the sizable order portfolio, however, the transportation demand for ship sections is still stable. The price of crude oil, which has remained low, is evident in the decline of demand for offshore transportation. The vigorous construction of wind power plants continues — the company has solid expertise in this segment. The demand for transportation of port cranes and other cargo handling machines remained stable, despite the pandemic. Project chartering succeeded in increasing sales of project cargo suitable for smaller dry cargo carriers.

### ***Agency activities***

The agency activities that began in Hamina in 2018 continued in 2020 as planned, and they ended according to the original schedule in October. The focus of the activities was on handling ship clearances for a major industrial investment project. The number of ship clearances was slightly lower than planned. It was compensated, however, with the expansion of the service concept at the request of a client. The profitability of operations coincided well with the set goals. Operations in Hamina were terminated during the last quarter because the project ended. The company still produces ship clearance services for its own and third-party ships, especially in southern and southwest Finland.

### ***KIPSI (gypsum) project***

In the spring 2020, the company won a public tender involving the transport and spreading of gypsum in Southwest Finland. The purpose of the five-year project is to reduce the phosphorous runoff from tillage into the waterways. The project is managed by the Centre for Economic Development, Transport and the Environment unit in Southwest Finland. The commission covers transportation of gypsum from Siilinjärvi to Southwest Finland and further to farms, as well as the spreading of the gypsum on the fields. Approximately 9,000 hectares, involving more than 400 farms, were treated with gypsum, and about 36,000 tonnes of gypsum was used. Most of the gypsum was transported by vessel from Siilinjärvi to

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Naantali or the Skogby port in Raasepori. Group company, VG-Ports, was responsible for stevedoring and port services. VG-Trans, also a Group company, coordinated land transportation. Five different subcontractors were responsible for spreading the gypsum on the fields. Despite the short preparation time and late harvest, we were able to fulfil the year's obligations well. The annual volume depends on whether the farmers wish to take advantage of the opportunity to treat their fields with gypsum. The volume is expected to remain at the 2020 level, at least, in the upcoming years of the project.

### ***Personnel***

The company employed a total of 16 people at the end of the financial period. Six worked in chartering, five in operative roles, two in cargo planning and one as the CEO. Two of the employees were on parenting leave at the end of the financial period. A total of five people worked in the project car-go business and seven in the dry cargo business. The standby practice used in vessel operations guarantees 24/7 service for both the clientele and the vessels. One person was hired during the financial period for the project coordinator role in the gypsum project. Bengt-Erik Rosin has been the CEO since 1 January 2019.

The company has strived to expand and improve expertise through job rotation. The employer has also supported the employees' continuing education in the form of both degree education and short courses. The company invests in the personnel's wellbeing and job satisfaction in other ways, also. The work wellbeing team, which promotes the personnel's wellbeing and job satisfaction, met regularly during the financial period. The company also provides health care services to support the ability to work and wellbeing. Health and the ability to work and function are promoted through an occupational health plan. The company has offered the personnel extensive fringe benefits and supported its sports hobbies for both groups and individuals.

A coaching project encompassing the entire personnel was introduced during the financial period. The purpose is to improve the working skills and job satisfaction on the levels of the individual, the team and the entire organization. This achieves better cooperation and commitment to the common goals. The project is being systematically implemented with a skilled partner who works together with the management.

Skilled, motivated personnel are essential for achieving the company's goals. In recruitment, the company considers not only skills and suitability for the job, but also the balance between genders and age distribution. The company had an incentive scheme for the entire personnel during the financial period, the purpose of which was to commit them to the company's goals and values.

Due to the Covid-19 pandemic, much of the personnel worked from home. Despite the company having little experience with remote work, the success of the change exceeded expectations. A decisive factor in the success of the remote work was the company's IT systems, including the software used for planning vessel traffic, which were well suited for remote work. The employer observed the guidelines and recommendations prescribed by the health officials and the Regional State Administrative Agency when instructing the

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employees about remote work. The employer also invested in the equipment needed to do remote work, for example by providing employees with printers and extra screens to use at home. At the end of the financial period, more than half of the employees still worked from home.

### ***Quality control system***

The parent company and subsidiary have had a joint quality control system (ISO 9001: 2015) since 2018. The system was internally audited during the financial period, and the external certification was successfully reaudited in December 2020. System processes are regularly tuned to offset changes in the operating environment and meet the needs of the organization.

### ***Finances and funding***

During the 2020 financial period, the company was able to make the loss incurred in the dry cargo business profitable and to keep the profitability of the project cargo business close to the level of previous years. The profitability of the project cargo business in the 2020 financial period was encumbered by a vessel that was acquired from a provider outside the company's own tonnage. The vessel's functional and economic performance did not meet expectations. Also, the docking of the company's own specialized fleet weakened its earnings. The company's financial liabilities are few in relation to the volume of its operations. On the other hand, the company's balance sheet is also light in relation to the volume of operations, because the company functions as a service organization for maritime logistics and does not own the fleet it uses for business. The company does not have any special need to make investments in 2021, and for this reason, its financial liabilities are not expected to increase. The company's cash-flow situation is good.

### **Projection concerning probable future development**

The prospects for the 2021 financial period are shadowed by uncertainty due to the Covid-19 pandemic and its consequent impacts on the operating environment, which are difficult to predict. The demand for dry cargo transportation at the beginning of the year was relatively good and, compared to the previous year, more severe ice conditions support the demand for vessels with ice classification, at least during the first quarter. The possible prolonging of the pandemic and the consequent restrictions have a negative impact on demands from industrial clients. The restrictions may also complicate and slow port operations down. Comparably, when the pandemic subsides, the demand for maritime transportation services will grow and return to normal. The seasonal variation, characteristic of the dry cargo business, where demand decreases between the end of spring and the beginning of autumn, will happen in the ongoing year, as well.

Most of the company's contract base comprises cargo flow that is not especially susceptible to trade fluctuation, such as fertilizers, feed raw materials, grains, renewable energy and raw ore. The annual demand for fertilizers and feed materials is very stable.



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The annual crop yields affect how much grain is shipped, and the outdoor temperature affects the demand for energy raw materials. The demand for wood-based energy raw materials increases in trends, as more and more energy plants, which have previously used fossil fuels, are now increasing their use of renewable fuels. The company continually invests in improving the efficiency of biofuel transports and strives to further increase the capacity of vessels fit for the purpose.

The volume of contract clients is expected, on average, to remain at least at the same level as the previous year or to increase slightly. The company is striving to increase the portion of contract cargo, but the relative portion of contract and on-the-spot cargo will vary by quarter due to the seasonal variation of the clients' business.

Building new vessels is still insufficient, which leads to an increase in the average age of the tonnage. This, in turn, leads to older vessels being taken off the market. If this continues for a long time, it will lead to better market balance which would enable increases in freight prices. After a few years' break, the developing icy winter will temporarily reduce the supply of vessels in the Baltic Sea because shipping companies, whose vessels are not ice-categorize, will have to operate them elsewhere.

Estimating capacity correctly according to the prevailing market situation will be a challenge for the company in the future, as well. The company will continue endeavours to raise the utilization rate of the vessels, which had already improved during the financial period, by raising the employment rate and actively measuring capacity.

We estimate that the operating conditions for the project cargo business will improve from the decline at the end of the last financial period and continue at a reasonable level. The order portfolio has gained reinforcement since the beginning of the year; the same is true for overall enquiries. M/S Meri and M/S Aura are the backbone of the company's operations, but we may increase capacity if we find suitable equipment. The project cargo business is marked by long timeframes, and the need to transport investment goods is often known several months, or even years, beforehand. This helps to plan operations and capacity needs.

Investments in the production of renewable energy is expected to remain at a high level. Construction of wind power has traditionally been an important segment for the company, and construction is expected to increase both on land and at sea. Transportation of port cranes and other cargo handling equipment is expected to continue more or less as before. Investments in the oil and gas industry, however, have slowed down, along with the low price of crude oil, and there will temporarily be less need for transport in the field.

Above all, the development of the overall demand for maritime transportation affects the competition. The amount of capacity in the short term is not really flexible, even though the corporate organization has been and will continue to be consolidated. The clientele is also consolidating their operations, and in the long run, it could affect the setting for competition. A broad network of suppliers, service producers and ship owners is important due to the field's international nature. The company will continue to invest in developing its network and engage in different collaboration projects with its partners.

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The company endeavours to increase its competitiveness by optimizing the vessels' utilization rate and load factor and improving operative efficiency. To achieve these goals, the company continually develops its practices and IT systems that support its operations. The company has a good reputation, and it is a desired partner among the clientele and shipowners. The objective in acquiring new clients is not only to increase the over-all volume, but to improve the balance of import and export cargo to further reduce unladen journeys. The goal for the 2021 financial period is to attain a clearly positive result. The goal in the project cargo business is to attain a high utilization rate and to restore the operating result to at least the level of the previous year. Likewise, the goal in the bulk business is to attain a high tonnage utilization rate and a clearly positive result that is better than the previous year. The amount of capacity, developments in bunker prices, and especially the portion of travel and time-charter employment, have a decisive impact on the turnover. When a vessel is time-chartered, the turnover is substantially lower compared to when the company runs it.

### **Most significant operational risks and uncertainty factors**

External factors have a large impact on the ability to operate in the field. The general economic situation, international competitiveness of our client companies, willingness in industry and the public sector to make investments, political decisions, and developments in society affect the demand for maritime transportation services. The field is very competitive, and even minor changes in the cost structure or demand impact profitability. Geopolitics, such as sanctions, Customs fees, and import or export restrictions affect cargo flows. Brexit did not have a significant impact on shipping during the financial period. Brexit did not take place until the latter part of the year, and therefore, it is possible that the impacts will become evident during the current financial year.

The progression of the Covid-19 pandemic during the year may have a significant impact on the volumes of international trade, as well as the smoothness of traffic and port operations. The prolonging or escalation of the pandemic would have a negative effect on the demand for the company's services. On the other hand, if the pandemic can be controlled with vaccinations within a reasonable time, the pent-up demand and immense economic recovery measures could boost demand.

In the short term, climate change poses a clear risk in the field, but in the long term it could also strengthen competitiveness in the field, compared to other forms of transportation. Extreme weather conditions are expected to increase as a result of climate change, and weather conditions have a great impact on the operative efficiency of the company's traffic. Storms and rain delay vessels and thereby reduce capacity. Weather changes also impact clients' business, which in turn impacts the company's business. The company actively seeks and creates solutions to control the risks caused by climate change. A clear change in attitude is also evident in the clientele, which has resulted in greater consideration of goods and service providers' environmental efficiency. Compared to other forms of transportation,

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maritime transportation is very energy-efficient, and the solutions the company has developed, and is currently developing, aim to reduce vessel emissions.

The company's more significant clients operate on the international market, and therefore the demand for raw materials and end products is dependent on the clients' competitiveness and development of overall demand.

As a consequence of the Covid-19 pandemic, the volume of several significant export products decreased during 2020. However, the company's dry cargo business contract portfolio mainly contains cargo flows that are not especially cyclical. Our more significant contract clients estimate that their volumes will remain relatively stable or even grow slightly during the current year. The seasonal variation of cargo flows remains a challenge. Insufficiently calculated tonnage is evident in weakened customer service during peak seasons. Then again, excessive tonnage leads to a weakened utilization rate which, in turn, decreases both profitability and the environmental efficiency of operations.

Competition is not only affected by the development in volume of the company's own clients but also by the capacities and contract volumes of other shipping companies at a given time. A decrease in the contract volumes of some segments is quickly reflected in the on-the-spot market where increased competition puts pressure on the level of freight prices. A well-functioning on-the-spot market is important for the company in controlling the balance between import and export cargo and to minimize trips made with ballast water.

Flexible availability and cost level of suitable tonnage may become more and more challenging in the future. The pace at which new ice-categorized vessels are built has been slow for a long time, and this leads to an increase in the average age of the tonnage and deterioration the vessels' technical condition. The weak supply of especially small, about 3,000-tonne, vessels has led to a situation where leases have clearly increased more when the market freight of the cargo size is in question.

With regard to the project cargo business, the company is also dependent on the development of the order portfolio in industry and the implementation project schedules. It is rather common that the clients' schedules change from the original plan, either due to the consignor or the consignee. At times, this creates challenges in optimizing traffic and keeping to schedule. Contrary to the dry cargo business, project cargo is usually not as vulnerable to the weather, and typically project cargo is loaded and unloaded on weekends, as well. Compared to the dry cargo business, the employment of project cargo vessels is seldom dependent on the industry.

Decentralizing the clientele and contract periods is an important way to control market risk. The company's clientele represents many fields, and no client or field has an excessive portion in the overall volume. We have also tried to form the contract portfolio such that contractual periods are temporally decentralized. We keep in regular contact with our clients and, together, we try to predict future volumes and otherwise develop service concepts. Contract clients' transport volumes are flexibly supplemented with on-the-spot sales and, if needed, through chartering to external operators.

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Proportioning the capacity for the prevalent market situation is a central element in controlling the company's risks. In addition to the overall capacity, the vessels' features, such as suitability for various cargo types, fuel consumption, ice category, the flag under which they sail, and the crew's competence should be considered when planning the tonnage. The lease prices of ice-categorized vessels are usually higher, and they consume more fuel than similar sized, non-categorized vessels. Ice-categorized vessels' serviceability is not recognized as an additional way to accrue additional income during mild winters with no ice. Clients' volumes can sometimes deviate significantly from the planned amount, which creates a challenge when proportioning capacity. We are striving to deepen collaboration with clients to further develop practices that will help to make better volume predictions.

Together with fleet expenses, developments in the costs of shipping have a decisive impact on the cost-effectiveness of overall operations. The price of vessel fuel is highly volatile and depends on the price developments and fluctuations in the demand for crude oil. The cost of shipping accounts for a large portion of fuel costs, and sudden changes have an immediate impact on the freight margin. Long-term transport contracts contain a fuel clause, which is intended for controlling the risk caused by fluctuations in fuel prices. The price is one pricing element on the on-the-spot market, and therefore fluctuations are transferred to freight prices, usually with a slight delay.

Fees for port calls are also a significant cost item. The expenses are immune to changes in the market situation, and the relative proportion of them in the overall costs of operating has grown. The length of the voyages in the company's type of shipping operations is typically 2-5 days. In this respect, long periods of time are spent in ports. The occasional congestion in the ports and, in many cases, stevedoring work that is only done on weekdays have a negative impact on capacity utilization rates. Weather risks at sea and in the ports are difficult to predict and control. Extreme weather conditions are expected to increase as a result of climate change. The prevailing contract practices place this risk mainly on the shoulders of the shipping company.

### **Assessment of the financial situation and result**

The profitability of business improved significantly compared to the previous financial period. The improvement in the result can be ascribed, above all, to the dry cargo business, which was clearly in the red in the previous financial period but managed to become profitable. The profitability of the project cargo business declined towards the end of the year, and for this reason did not reach the level of the previous year. However, the result can be still considered satisfactory. The prospects for both the project and bulk business units for the ongoing financial period are reasonably good. The demand for services in both segments seems to have been restored to the normal level. Due to the prolonged pandemic, market risk must be considered to be greater than usual. The company constantly seeks opportunities to develop and expand its operations in a direction which will ensure its competitiveness in the long run.

<b>Meriaura Oy</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Turnover	51 008	56 696	52 393	46 880	45 515
Net operating profit	1 204	-1 109	835	873	-2 045
Net operating profit % Turnover	2 %	-2 %	2 %	2 %	-4 %
Adjusted result	1 112	-1 141	782	843	-2 002
Result % (turnover)	2 %	-2 %	1 %	2 %	-4 %
Adjusted shareholders' equity	2 108	997	2 137	1 355	512
Liabilities with interest	200				
Balance sheet total	4 927	3 924	5 290	4 706	3 816
Return on shareholders' equity %	72 %	-73 %	45 %	90 %	90 %
Return on restricted shareholders' equity %	52 %				
Equity ratio %	43 %	25 %	40 %	29 %	29 %
Number of personnel (ending financial pei	16	17	16	16	17
Personnel expenditures	1 347	1 395	939	1 275	1 103

Adjusted result refers to the company's result for the financial period from which appropriations, depreciation difference and changes in voluntary reserves have been subtracted and the related deferred tax liabilities have been taken into account.

Adjusted shareholders' equity refers to the company's shareholders' equity that has been adjusted with appropriations and the related deferred tax liabilities.

The return on shareholders' equity is calculated by proportioning the adjusted result to the average of the adjusted shareholders' equity at the beginning and end of the financial period.

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**Company management**

Bengt-Erik Rosin was the company's CEO. Jussi Mälkiä was a full member of the Board during the financial period, and Riinu Walls was a deputy member.

**Number of company shares**

The company's share capital is divided into 12 shares. All the shares have equal rights. The shares are encumbered by a redemption clause.

**Company ownership**

VG-Shipping Oy (former Oy Gaiamare Ab) owns 100% of the company's share capital. The company's parent company changed its name to VG-Shipping Oy (1008249-2) on the last day of the 2017 financial year, and it merged with the parent company. VG-Shipping Oy's operations in the shipping industry are comparable to that of the parent company, and it has belonged to the same stakeholder group ownership-wise. VG-Shipping Oy is the Group's parent company, which is an associate of the Aura Mare Oy group. Aura Mare Oy owns 34% of VG-Shipping Oy.

**Auditor**

Authorized public accountant, Kari Niukko, was the company's incumbent auditor during the financial period.

**Result for the financial period**

The company's result for the financial period indicates a profit of €1,111,624.39. The company's distributable funds at the end of the financial period amounted to €2,099,888.41. The company's board of directors proposes that the profit for the financial period be transferred to the profit and loss account and that no dividends be distributed.

<b>BALANCE SHEET</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Tangible assets		
Machinery and equipment	0,00	52 150,37
Total tangible assets	<u>0,00</u>	<u>52 150,37</u>
Investments		
Other shares and equity	269,10	269,10
Total investments	<u>269,10</u>	<u>269,10</u>
<b>TOTAL FIXED ASSETS</b>	<b>269,10</b>	<b>52 419,47</b>
<b>CURRENT ASSETS</b>		
Inventories		
Other inventories	538 260,73	782 169,03
Total inventories	<u>538 260,73</u>	<u>782 169,03</u>
Current receivables		
Accounts receivable	2 047 303,14	2 386 225,04
Receivables from companies in the same Group	8 641,33	10 440,12
Other receivables	0,00	1 950,00
Prepayments and accrued income	122 101,59	403 553,48
Total current receivables	<u>2 178 046,06</u>	<u>2 802 168,64</u>
Cash and bank receivables	2 210 783,60	287 402,66
<b>TOTAL CURRENT ASSETS</b>	<b>4 927 090,39</b>	<b>3 871 740,33</b>
<b>TOTAL ASSETS</b>	<b>4 927 359,49</b>	<b>3 924 159,80</b>

<b>BALANCE SHEET</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	8 400,00	8 400,00
Profit (loss) from previous financial periods	988 264,02	2 128 843,50
Profit (loss) for financial period	1 111 624,39	-1 140 579,48
	2 108 288,41	996 664,02
<b>ACCOUNTS PAYABLE</b>		
Non-current liabilities		
Loans from credit institutions	204 404,76	322 028,80
Total non-current liabilities	<u>204 404,76</u>	<u>322 028,80</u>
Current liabilities		
Loans from credit institutions	117 624,04	117 624,04
Advances received	450 398,21	134 934,18
Accounts payable	1 312 850,29	1 533 229,43
Debt to companies in the same Group	188 589,57	949,92
Other liabilities	107 585,40	45 948,22
Accruals	437 618,81	772 781,19
Total current liabilities	<u>2 614 666,32</u>	<u>2 605 466,98</u>
	2 819 071,08	2 927 495,78
<b>TOTAL LIABILITIES</b>	<b>4 927 359,49</b>	<b>3 924 159,80</b>



Profit and Loss Account	01/01/2020-31/12/2020	01/01/2020-31/12/2020
<b>T U R N O V E R</b>	51 007 650,68	56 696 148,50
Other business profit	3 934,65	137 462,45
Materials and services		
Materials, supplies and goods		
Purchases during the financial period	-6 977 072,24	-11 917 838,07
Addition (+) or subtraction (-) of inventories	-277 020,21	189 532,08
External services	-39 847 285,65	-43 452 650,46
	<u>-47 101 378,10</u>	<u>-55 180 956,45</u>
Personnel expenditures		
Wages and remunerations	-1 129 707,41	-1 162 249,07
Employer's contributions		
Pension expenses	-185 461,02	-211 080,84
Other employer's contributions	<u>-32 314,42</u>	<u>-21 842,43</u>
Total personnel expenditures	-1 347 482,85	-1 395 172,34
Depreciations and reductions in value		
Planned depreciations	-52 150,37	-64 819,14
	<u>-52 150,37</u>	<u>-64 819,14</u>
Other business expenditures	-1 306 226,18	-1 301 921,18
<b>NET OPERATING PROFIT (LOSS)</b>	<b>1 204 347,83</b>	<b>-1 109 258,16</b>
Financial income and expenses		
Other interest and financial income		
From companies in same Group	0,00	16 041,67
From others	6 547,03	6 755,36
Interest and other financial expenses		
To others	-81 708,85	-34 344,69
	<u>-75 161,82</u>	<u>-11 547,66</u>
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>1 129 186,01</b>	<b>-1 120 805,82</b>
Income taxes	-17 561,62	-19 773,66
<b>PROFIT (LOSS) FOR FINANCIAL PERIOD</b>	<u><b>1 111 624,39</b></u>	<u><b>-1 140 579,48</b></u>

## 1. APPENDICES TO ACCOUNTING POLICY

### Group relations

#### Parent company

As of 31 December 2017, the company's parent company is VG-Shipping Oy (former Gaiamare Ab), based in Turku, Finland. VG-Shipping Oy merged with Oy Gaiamare Ab on 31 December 2017. Following the merger, Oy Gaiamare Ab changed its name to VG-Shipping Oy.

Copies of the Group's financial statements are available at the office on Linnankatu 88, 20100 Turku

#### Valuation and accrual principles and methods

The company's fixed assets are valued at the variable acquisition cost and inventories at their variable acquisition cost, following the FIFO principle and the 'lower value' principle in Chapter 5 Section 6 Paragraph 1 of the Accounting Act.

The acquisition cost of property in the company's fixed assets is depreciated according to a pre-specified plan. The depreciation plan has been empirically defined.

As depreciation, the difference between the acquisition cost and the residual value during the economic service life is recorded as an expense.

#### Receivables and debts in foreign currency

Receivables and debts in foreign currency have been valued at the currency rate on the date of the transaction.

#### Impacts of becoming a tonnage tax company on accounting

The company was granted tonnage tax company status beginning 1 January 2013. The company pays taxes on its shipping business according to the vessels' net tonnage. The company also has small-scale income taxable activities.

## 2. APPENDICES TO PROFIT AND LOSS ACCOUNT

### Principles of planned depreciations and changes

Commodity group	Assumed life years	Depreciation %	Depreciation method
Machinery and equipment (cargo-securing equipment)	4	25 %	line depreciation
<b>Planned depreciations in financial period</b>	<b>0120-1220</b>		
Machinery and equipment (cargo-securing equipment)	52 150,37		
Total	<u>52 150,37</u>		

## 3. APPENDICES TO BALANCE SHEET ASSETS

Material items included in prepayments and accrued income

	<b>31.12.2020</b>
Port advances on costs	116 103,21
Other prepayments and accrued income	5 998,38
<b>Total</b>	<b><u>122 101,59</u></b>

## Changes in fixed assets

	Establishment expenditures	Research expenditures	Development expenditures	Intangible rights
Acquisition cost at beginning of financial period	0,00	0,00	0,00	218900,90
Additions during financial period	0,00	0,00	0,00	0,00
Deductions during financial period	0,00	0,00	0,00	0,00
<b>Acquisition cost at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>218900,90</b>
Accrued planned depreciations at beginning of financial period	0,00	0,00	0,00	218900,90
Planned depreciations in financial period	0,00	0,00	0,00	0,00
Planned depreciations of sold/scrapped assets	0,00	0,00	0,00	0,00
<b>Accrued planned depreciations at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>218900,90</b>
Accrued depreciation difference at beginning of financial period	0,00	0,00	0,00	0,00
Depreciation difference for financial period	0,00	0,00	0,00	0,00
Depreciation difference of sold/scrapped/provisioned assets	0,00	0,00	0,00	0,00
<b>Accrued depreciation difference at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Acquisition cost at end of financial period	0,00	0,00	0,00	218900,90
Accrued planned depreciations at end of financial period	- 0,00	- 0,00	- 0,00	- 218900,90
<b>Residual expenditure result after planned depreciations at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Accrued depreciation difference at end of financial period	- 0,00	- 0,00	- 0,00	- 218900,90
<b>Residual expenditure after total depreciation at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

	Land and waterways	Buildings and structures	Machines and equipment	Other tangible commodities
Acquisition cost at beginning of financial period	0,00	0,00	485 553,06	0,00
Additions during financial period	0,00	0,00	0,00	0,00
Deductions during financial period	0,00	0,00	0,00	0,00
<b>Acquisition cost at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Accrued planned depreciations at beginning of financial period	0,00	0,00	433 402,69	0,00
Planned depreciations in financial period	0,00	0,00	52 150,37	0,00
Planned depreciations of sold/scrapped assets	0,00	0,00	0,00	0,00
<b>Accrued planned depreciations at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>485 553,06</b>	<b>0,00</b>
Accrued depreciation difference at beginning of financial period	0,00	0,00	0,00	0,00
Depreciation difference for financial period	0,00	0,00	0,00	0,00
Depreciation difference of sold/scrapped/provisioned assets for financial period	0,00	0,00	0,00	0,00
Depreciation difference transfer profit reserves	0,00	0,00	0,00	0,00
<b>Accrued depreciation difference at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Acquisition cost at end of financial period	0,00	0,00	485 553,06	0,00
Accrued planned depreciations at end of financial period	- 0,00	- 0,00	- 485 553,06	- 0,00
<b>Residual expenditure result after planned depreciations at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
Accrued depreciation difference at end of financial period	- 0,00	- 0,00	- 0,00	- 0,00
<b>Residual expenditure after total depreciation at end of financial period</b>	<b>= 0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>

## 4. APPENDICES FOR LIABILITIES IN BALANCE SHEET

Itemized shareholders' equity	31.12.2020	31.12.2019
Share capital at the beginning of financial period	8 400,00	8 400,00
Share capital increase	0,00	0,00
<b>Share capital at the end of financial period</b>	<b>8 400,00</b>	<b>8 400,00</b>
Profit (loss) from previous financial periods at beginning of current financial period	988 264,02	2 128 843,50
Dividend distribution	0,00	0,00
Profit (loss) for financial period	1 111 624,39	-1 140 579,48
<b>Profit (loss) from previous financial periods at end of current financial period</b>	<b>2 099 888,41</b>	<b>988 264,02</b>
<b>Total shareholders' equity</b>	<b>2 108 288,41</b>	<b>996 664,02</b>

## Calculation of distributable assets

	31.12.2020	31.12.2019
Profit (loss) from previous financial periods	988 264,02	2 128 843,50
Result for financial period	1 111 624,39	-1 140 579,48
<b>Total distributable assets</b>	<b>2 099 888,41</b>	<b>988 264,02</b>

## Material items included in accrual

	31.12.2020
Payroll debt	211 542,49
Employer's contributions	42 532,73
Amortized expenses	143 543,59
Other accruals	40 000,00
<b>Total</b>	<b>437 618,81</b>

## 5. GUARANTEES AND COMMITMENTS

### Commitments and guarantees by balance sheet item and guarantee category

Own debt	Amount of debt	Assignment of accounts receivable
Loans from credit institutions	299 999,00	500 000,00

Floating charge of €500,000.00 for Nordea Pankki Suomi Oyj

VG-Shipping Oy has guaranteed the debt mentioned above with a directly enforceable guarantee.

The company has a credit limit account, €500,000.00, which is not being used.

A floating charge of €500,00.00 for Nordea Pankki Suomi Oyj is being used as a guarantee for the credit limit account.

VG-Shipping Oy has guaranteed the debt mentioned above with a directly enforceable guarantee.

Installment financing	22 029,80
Insurance from Nordea Rahoitus Suomi Oy for cargo-securing equipment	
Company credit cards, Nordea	342,74

## 6. APPENDICES RELATED TO PERSONNEL

Number of employees	31.12.2020	31.12.2019
Number of employees at end of financial period	16	17

## 7. REST OF FINANCIAL STATEMENT APPENDICES AS PER LIMITED LIABILITY COMPANIES ACT

### Company's various shares

Share class/series	Number	Nominal value
A	12	700,00

### Business with stakeholders

During the 2020 financial period, Meriaura Oy leased six vessels from third-partiesstakeholders at the market price to use in its business operations. The vessels were leased under a time-charter contract, which is typical in the sector. The lessor of the vessels is VG-Shipping Oy, the company's parent company. About €13.6 million in total of Meriaura Oy's time-charter expenses, which are indicated as external services in the Profit and Loss Account, are this type of time-charter expense.

Meriaura Oy buys administration services and rents office space and small operating equipment from its associated company, Aura Mare Oy. About €0.8 million of expenses for these services is indicated under "Other business expenses". The price of the services covers the service providers expenses, i.e., maintenance of the services and premises, among other things. Aura Mare Oy also offers services to other participating interest undertakings and in this way operates as a centralized general administration unit for the Group. The price of the services corresponds to the market price.

**MERIAURA OY**

Linnankatu 88, 20100 Turku, Finland

Domicile: Turku

Business ID: 0669579-8

**List of accounting books, receipt categories and forms of storage**

Diary	Electronically printed
General ledger	Electronically printed
Sales ledger	Electronic auxiliary account
Purchase ledger	Electronic auxiliary account
Payroll accounting	Electronic auxiliary account
Financial Statement	Bound separately
Balance Sheet specifications	Bound separately

	Receipt category	Form of storage
Bank statements Nordea	10	paper
USD bank account	9	paper
Sales invoices	4	paper
Sales payments	50	paper
Purchase invoices	2	paper
Purchase payments	30	paper
Payslips	6	paper
Memoranda receipts	80	paper
VAT receipts	70	paper

**MERIAURA OY**

Linnankatu 88, 20100 Turku, Finland

Domicile: Turku

Business ID: 0669579-8

**FINANCIAL STATEMENT, 31 DECEMBER 2020**

**SIGNATURES**

**DATE AND SIGNATURES**

Turku, the 31<sup>st</sup> day of March 2021

Jussi Mälkiä

Board member

Bengt-Erik Rosin, CEO

**AUDITOR'S NOTE**

An auditor's report pertaining to the completed audit was provided on this day:

Turku, the 6<sup>th</sup> day of April 2021

Kari Niukko, authorized public accountant  
KPMC Oy Ab